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Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force; United Nations Interim Force in Lebanon

Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financing of the United Nations Peacekeeping Force in Cyprus

Financing of the United Nations Observer Mission in Georgia

Financing of the United Nations Mission of Observers in Tajikistan

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping operations

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. During its meetings held in February and March 1999, the Advisory Committee on Administrative and Budgetary Questions considered the financial performance reports for the period from 1 July 1997 to 30 June 1998 and the proposed budgets for the period from 1 July 1999 to 30 June 2000 of the peacekeeping operations listed below. The Committee's reports on each of those missions are submitted as addenda to the present report, as follows:

(a) United Nations Disengagement Observer Force (UNDOF) (A/53/895, Add.1);

(b) United Nations Interim Force in Lebanon (UNIFIL) (A/53/895, Add.1);

(c) United Nations Iraq-Kuwait Observation Mission (UNIKOM) (A/53/895, Add.2);

(d) United Nations Peacekeeping Force in Cyprus (UNFICYP) (A/53/895, Add.3);

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(e) United Nations Observer Mission in Georgia (UNOMIG) (A/53/895, Add.4);

(f) United Nations Mission of Observers in Tajikistan (UNMOT) (A/53/895, Add.5);

(g) United Nations Mission in Bosnia and Herzegovina (UNMIBH), including the liaison offices at Zagreb and Belgrade and the United Nations Mission of Observers in Prevlaka (UNMOP) (A/53/895, Add.6);

(h) United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH) (A/53/895, Add.7);

(i) United Nations Logistics Base at Brindisi (A/53/895/Add.8).

2. The Committee also considered the financial performance reports for the United Nations Observer Mission in Liberia (UNOMIL) for the periods from 1 July 1996 to 30 June 1997 and from 1 July 1997 to 30 June 1998 (A/52/401/Add.1 and 2 and A/53/802); the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the Civilian Police Support Group for the period from 1 July 1997 to 30 June 1998 (A/53/742) and the final disposition of the assets of those operations (A/53/838); and the Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) for the period from 15 February to 31 May 1997 (A/53/775). The reports of the Committee on UNOMIL, UNTAES and MINUGUA are contained in documents A/53/896, A/53/897 and A/53/898, respectively.

3. The Committee also considered the revised budget estimates for the period from 1 July 1998 to 30 June 1999 for the United Nations Civilian Police Mission in Haiti (A/53/789). The Committee's report is contained in document A/53/846.

4. Further, the Committee considered the report on the losses of United Nations property of the United Nations Transitional Authority in Cambodia (UNTAC) (A/53/340), as well as notes by the Secretary-General on the financing of the United Nations Operation in Somalia (A/C.5/53/52); the United Nations Mission in Haiti (A/C.5/53/55); the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and United Nations Peace Forces headquarters (A/C.5/53/56); and the United Nations Assistance Mission for Rwanda (A/C.5/53/57). The Committee's observations and comments are set out in paragraphs 43 to 55 below.

5. In addition, the Committee considered the report of the Board of Auditors to the General Assembly on the accounts of the United Nations peacekeeping operations for the financial period ending 30 June 1998 (A/53/5, vol. II)[1]. The report of the Committee will be issued in May 1999.

6. In view of changed circumstances and pending further developments, including such action as the Security Council may take, the Committee postponed consideration of the financial performance reports for the period from 1 July 1997 to 30 June 1998 and the proposed budgets for the period from 1 July 1999 to 30 June 2000 of the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Mission for the Referendum in Western Sahara (MINURSO), as well as the proposed budget for the period from 1 July 1999 to 30 June 2000 of the United Nations Observer Mission in Sierra Leone (UNOMSIL). The Committee is still awaiting submission by the Secretary-General of reports on the United Nations Mission in the Central African Republic (MINURCA) and the United Nations Observer Mission in Angola (MONUA).

II. General observations

7. The Committee commends the Secretariat for the improvements in the format and content of the performance reports and the proposed budgets which were introduced following the Committee's observations, conclusions and recommendations contained in its previous report (A/52/860). As a result, both performance and budget documents have been streamlined, made shorter and more user-friendly, contain fewer errors and/or revisions compared with previous documentation and have been submitted in a timely manner, although most of them were submitted as advance copies in English only; the Committee believes that there is still room for improvement in this regard. Periodic changes have also been made in costing standards and in the cost manual for peacekeeping operations. The full effect of the Committee's observations, conclusions and recommendations (see A/52/860) will become obvious at the time when performance data for the period ending 30 June 2000 are available.

8. The Committee also welcomes the efforts made by the Secretariat to improve the revised budget reports. The Committee notes that attempts have been made to refrain from resubmitting the entire budgets, focusing the presentation mainly on the additional requirements of the revised budget. Nevertheless, in the view of the Committee, there may be a need for further simplification of some redundant narratives that state what is obvious from the

tables and the annexes (see, for example, the report on MIPONUH (A/53/789)). In future presentations, such narratives could be omitted from the reports.

9. A summary of the financial performance for the period from 1 July 1997 to 30 June 1998 is contained in annex III to the present report. For the peacekeeping operations listed in that annex, expenditures amounted to $845,621,000, including the absorption of the cost of the United Nations Logistics Base at Brindisi amounting to $10,835,100, against appropriations of $910,285,900 for the period, leaving an unencumbered balance of $64,664,900. As may be seen from annex I, the unliquidated obligations for the period ending 30 June 1998 amounted to $246,420,800 (or 29.2 per cent of the expenditure), as reflected in the performance reports. As at 28 February 1999 for the field and 18 March for Headquarters, unliquidated obligations amounted to $93,556,457. The Committee has commented in the past on the high level of unliquidated obligations as an indication of the need to refine the monitoring of budget implementation and disbursement. The Committee notes the efforts made to reduce unliquidated obligations but believes that there is still room for considerable improvement in respect of unliquidated obligations for commercial vendors, as well as for Governments providing troops and equipment. The Committee recalls that the Board of Auditors indicated that, for the period ending 30 June 1998, periodic reviews of unliquidated obligations had not always been carried out thoroughly and, accordingly, recommended that such reviews should be carried out periodically to confirm that only valid unliquidated obligations are retained in the accounts (A/53/5, vol. II, chap. II, paras. 25–26).

10. As shown in annex IV, total estimated budgetary requirements for the period from 1 July 1999 to 30 June 2000, as proposed by the Secretary-General in the reports for each peacekeeping operation submitted to the Committee as advance texts in February and March 1999, amount to $646,944,000 gross.

11. As indicated in paragraph 17 of the report of the Board of Auditors, $1.8 billion of assessed contributions remained unpaid as at 30 June 1998 from Member States, in spite of the obligation of Member States to pay their assessed contributions in full and on time. The Committee recommends that the Secretariat draw the attention of the General Assembly to the latest information on the status of contributions for each peacekeeping operation at the time the budgets of the missions are taken up in the General Assembly.

12. The Committee welcomes the inclusion of both budgeted and non-budgeted voluntary contributions in table 1 of the financial performance reports; however, the Committee points out that some reports do not contain full information on the contribution from the host Government. The Committee believes that further attempts should be made to standardize the presentation and full disclosure of contributions from host Governments, made both under status-of-forces agreements and on a voluntary basis, as well as from other sources in annex I to the budget reports.

13. In its previous report (A/52/860, para. 65), the Committee pointed out that the treatment of income was inconsistent in the peacekeeping budgets. Only in the case of UNDOF and UNIFIL was the income budget line broken down into staff assessment income and other income, and it has been the usual practice of the General Assembly to return the estimated "other income" to Member States when approving an annual appropriation for these operations. In all other peacekeeping budgets, only the estimated staff assessment income was shown in the budget documents; for the purpose of transparency, the Committee recommended that all peacekeeping budgets in future disclose the estimated income from both staff assessment and other sources. The Committee notes that, for the financial period 1999–2000, again only in the case of UNDOF and UNIFIL is the income budget line broken down into staff assessment and other income. The Committee reiterates its request and expects that full disclosure of miscellaneous income will appear in the peacekeeping budgets for the period from 1 July 2000 to 30 June 2001.

14. The Committee notes that the resource requirements and proposals in the budget documents are presented in a more analytical manner, often eliminating duplication that appeared in the past. The budget proposals for each mission explicitly identify any resource reduction arising from vacancy rates, the factoring in of lower than the standard cost requirement for mission appointees, the application of the most current actual unit cost, the application of past expenditure experience and the use of stock from the United Nations Logistics Base at Brindisi and from missions under liquidation.

15. Budget proposals are generally more realistic, reflecting greater accuracy in the estimation of requirements on the basis of past experience. In some missions there has been a rather limited use of standard costs, however. For example, in MIPONUH, some 29 per cent of the cost estimates are based on standard costs contained in the Standard Ratios and Standard Cost Manual, while 71 per cent cover mission-specific requirements and other items that vary from the standards (A/53/789/Add.1, para. 15), and in UNMIBH some 21 per cent of the cost estimates are based on standard costs and 79 per cent cover mission-specific

requirements and other items that may vary from the standard (A/53/800, para. 29). The Committee urges the Secretary-General to keep the Standard Ratios and Standard Cost Manual up to date and to ensure the widest possible recourse to the manual in preparing budget estimates for all missions.

16. The Committee notes that the introduction to the budget reports has been replaced with an "overview" (section I) which provides information on past expenditures, the current budget and the proposed estimates. Table 2 (human resources) of the overview shows the average number of posts budgeted for the period 1999–2000. The Committee believes that the information shown in the table could be misleading. For example, in the case of UNMIBH (A/53/800), table 2 of the overview does not reflect the proposed staffing establishment but compares the average number of budgeted posts, arrived at after application of certain vacancy rates, with the total number of posts apportioned for the current financial period and authorized by the General Assembly. Accordingly, the column "Increase/decrease over 1998/99" does not correctly reflect the changes in the proposed staffing requirements over the authorized level of personnel. The Committee requests that changes be made to the structure of the table so that it will show the proposed staffing requirements and the changes over the authorized level of personnel for the previous financial period.

17. With regard to levels of troops, military observers and civilian police, the Committee recommends that a clear distinction be made between the levels authorized by the Security Council and the levels planned and budgeted by the Secretariat.

18. The Committee notes that the budget reports contain a new section on contingent-owned equipment (section VII), which provides information on reimbursement options used and other applicable mission factors. The Committee recommends that the reports include in the future for each mission a clear explanation of the method of reimbursement for contingent-owned equipment, that is, whether the new or the old procedure was used for each troop-contributing country and details of the relevant mission factors employed.

19. The Committee exchanged views with the representatives of the Secretary-General on the subject of delays in deployment of additional police monitors in some missions, such as UNMIBH, and was informed of steps taken to address this problem. The Committee is of the view that, taking into account the continuing use of civilian police in peacekeeping operations and the fact that requirements can vary from mission to mission, there is a need to improve the present arrangements for notification of Member States about police requirements, as well as for timely and better pre-screening, selection and training. To this end, Member States should receive adequate information on mission-specific requirements, including special skills and experiences. Improvements would lead to efficiency in management of police by reducing, for example, the number of untimely repatriations even though their cost is paid or reimbursed by contributing Member States. The Committee was provided with statistics for 1998 on responsibility for repatriation of civilian police and military observers (see annex II).

20. The Committee notes that salary cost estimates for international staff were adjusted in some missions, such as UNMIBH, taking into account past experience in the implementation of the budget. Salary estimates were calculated more accurately taking into account the non-entitlement to post adjustment of Professional staff and Field Service staff classified as mission appointees. Similarly, common staff costs for international staff were also calculated at a reduced rate owing to the high number of mission appointees. The Committee points out that salary and common staff cost adjustments were not implemented in all missions with a large percentage of international staff classified as mission appointees (for example, UNMOT). The Committee recommends that this adjustment be implemented in all budgets where mission appointees are a significant percentage of the international staff.

21. The Committee also requested additional information on the use of mission appointees and was informed that there are no staff under the 300-series rules in the United Nations Truce Supervision Organization (UNTSO), UNIFIL, UNDOF, UNFICYP or the Logistics Base at Brindisi, since they are considered established duty stations. However, the Committee was further informed, upon inquiry, that there are no operational impediments to the hiring of 300-series employees.

22. From the additional information provided to it for each mission, the Committee noted that staff assessment of local staff was miscalculated (for example, in the case of MIPONUH) and that large increases in staff assessment of local staff were not explained (for example, in the case of UNTAES). The Committee believes that there is a need to refine the current methods of computing staff assessment of local staff and to improve the explanation of variances in the estimates of income and expenditure under this item. Annex V to the present report gives the vacancy rates for civilian personnel during the period ending 30 June 1998.

23. The Committee recalls that it had requested that the Secretariat review the application of the methodology and procedures used in local salary surveys so that anomalies leading to inflated salaries would be corrected (A/52/860, para. 37). The Committee was informed that the International Civil Service Commission had reviewed the methodology for local salary surveys and made pertinent changes, broadening the sample of employers to include public sector employers among the comparators used for the surveys.

24. The Committee was informed that there had been a review of the conversion of international General Service posts to local level posts wherever feasible; however, the number of posts converted was limited to five posts in UNMIBH. The Committee recommends that further efforts be made to identify which tasks in peacekeeping missions can be performed by local staff, with the realization of attendant savings.

25. Annex II.C to the budget reports provides details on requirements for non-recurrent costs, including replacement and proposed acquisition of additional items, as compared to current inventory. The Committee points out that, for the purpose of budget review, the information on inventory was of limited use since it could not be compared with the inventory provided to the Committee for the period ending 30 June 1998. The format of the presentation of the end-of-year inventory is different from the format in annex II.C. The Committee was informed that this was because there had in the past been no inventory database that could provide standard information for the purpose of inventory control, management and reporting. The Committee notes the intention of the Secretary-General (A/53/854, para. 12), and trusts that, with the Field Assets Control System, information on inventory will in future be presented in a standard and simplified format both in reports on budget performance and in budget estimates.

26. The Committee recalls that in the past it has indicated that inventory management and control need further improvement. Often information on inventories included in the reports lacks uniformity and is of poor quality. The Committee believes that further refinements, in particular in the inventory classification system, are needed. The Committee stresses, once again, the importance of establishing an accurate inventory of assets with proper classification, value and coding, including remaining useful life.

27. According to the Secretary-General, a review of all peacekeeping computer assets and operations in each of the field missions was undertaken and completed during 1998 to ensure that all computer operations would be year 2000 compliant and run without problems after 31 December 1999 (see A/53/800, para. 33). The Committee notes that in various missions large provisions are proposed for the replacement of data-processing equipment to ensure year 2000 compliance (for example, UNIFIL). The Committee is of the opinion that only equipment critical to the operations of the mission should be replaced on a priority basis; other equipment should be retained until it is due for replacement.

28. The Committee was provided with additional information on steps taken within the Field Administration and Logistics Division of the Department of Peacekeeping Operations to resolve the year 2000 date conversion problem of computers. The Committee notes the measures taken so far; however, much remains to be done.

29. The Committee is of the view that there is a need to have in place contingency plans to address situations which might arise in cases where the measures instituted by the United Nations for its own internal compliance and/or the availability of basic utilities could be compromised by lack of year 2000 compliance in data-processing equipment of external entities with which the United Nations interacts. The Committee recalls its recommendation (A/53/513, para. 16) that a progress report on the issue of year 2000 compliance be submitted to it by May 1999. The Committee will revert to this subject when it receives the progress report of the Secretary-General.

30. The Committee notes that in some missions additional requirements for electronic data-processing equipment resulted from the need to replace assets lost or stolen in the mission area. The Committee reiterates the importance of ensuring the safety of United Nations assets and the need to have accountability procedures in place to deter and penalize those responsible for the losses of United Nations property.

31. The Committee requests that a plan and a timetable for the implementation of the Integrated Management Information System in the field missions be prepared.

32. The Committee notes that additional requirements were incurred in a number of missions, as a result of cancellation by a contractor who could not provide services stipulated in the initial contract. Examples can be found under air operations in MINUGUA and under support services in MONUA (see also the report of the Board of Auditors (A/53/5, vol. II, chap. II, paras. 97–109). The Committee recommends that any contract entered into by the Organization with vendors include appropriate penalty clauses or an escrow arrangement to protect the mission in

case of breach of contract, thus avoiding the possibility of incurring additional unnecessary expenditures.

33. The Committee notes that in some cases savings were achieved because of non-utilization of resources for procurement purposes. The Committee was informed that in a number of cases procurement of equipment was postponed because needs were being reviewed. In the case of UNIKOM, for example, procurement of communications equipment was postponed because the efficacy and cost-benefit effect of change from analog to digital equipment was under review. The Committee is of the opinion that there is a need to improve planning so that estimates for procurement can be more accurate.

34. The Committee also notes that, in the case of UNIKOM, there were savings in respect of air operations, due in part to the inclusion in the contract of the aircrew subsistence allowance. The Committee recommends that in future other missions explore the possibility of including aircrew subsistence allowance in the contract for air operations. The Committee requests the Secretariat to report on this question in the context of future budgets.

35. The Committee commends the Secretariat for implementation of a global purchase order under which vehicles were purchased at a lower price than the standard cost utilized in the preparation of the budget. The Committee recommends that the Secretary-General look into the possibility of negotiating the inclusion of spare parts, as a next step to the global system contract for the purchase of vehicles.

36. The Committee is of the view that there is a need to improve the recording and accounting for support services provided to other entities of the United Nations system in the mission area, including those provided to non-United Nations bodies.

37. For the financial period from 1 July 1997 to 30 June 1998, peacekeeping missions were requested to identify savings in order to absorb their respective share of the pro-rated cost of the maintenance of the United Nations Logistics Base at Brindisi. The Committee was informed that, taking into account its prior recommendations, for the period from 1 July 1998 to 30 June 1999, the procedure calls for Headquarters to deduct the portion related to the cost of the Base before allotments are made to each mission, in order to ensure that each mission bears its share of the cost of the operation of the Base.

38. The Committee commends the Secretariat for the quality of the report and the progress made in the management of the disposal of the assets of missions such as UNTAES. The efficiency of the operation is reflected in the number of items transferred to other missions and the United Nations Logistics Base. The Committee trusts that lessons learned in the liquidation of UNTAES will be used as well in other missions. The Committee also notes the benefit, as indicated in its report on UNTAES (A/52/859, para. 19), of leaving a sufficient number of qualified staff in the mission area to perform liquidation tasks.

39. In connection with delegation of authority to local property survey boards in peacekeeping missions (see also the report of the Board of Auditors (A/53/5, vol. II, chap. II, paras. 124–128), the Committee was informed that, with a view to expediting administrative work involved in the disposition of assets, missions have been granted an increased threshold authority for United Nations and contingent-owned equipment. Under the new delegation of authority, local property survey boards are allowed to handle cases involving values up to $25,000. For example, UNOMIL was granted an increased authority in the range of $5,000 to $25,000 in the second half of 1997. The Committee notes that the Board of Auditors will monitor and evaluate the impact of this delegation of authority on the processing of property survey board cases in its future audits. Upon request, the Committee was provided with a table showing dates of increase of threshold authority in other missions (see annex VI).

40. The Committee requested information on the procedures being followed for the disposal of old vehicles in the mission area. Old vehicles slated for replacement under the vehicle replacement programme are sold "as is, where is" (without cannibalization) by competitive bidding. If the vehicles are damaged and deemed to be unrepairable or beyond economical repairs, they are cannibalized to retrieve re-usable parts for other repairs. The Committee understands that remaining scrap or junk is accumulated for extended periods at scrap yards awaiting disposal. The Committee recommends that a study be made to determine the most effective way of disposing of unusable vehicles. The Committee urges regional cooperation among UNTSO, UNIFIL, UNDOF and UNFICYP.

41. The Committee was informed that the missions are obliged to return contingent-owned equipment to the troop-contributing countries, even if the equipment is obsolete and in a condition to be written off (see A/53/895/Add.3, para. 7). The Committee recommended that the matter be reviewed, with a view to devising a more practical and economical procedure.

42. The Committee recalls that it noted a considerable rate increase for worldwide third-party liability coverage of

vehicles in several missions, such as UNIKOM and UNIFIL (A/52/860, para. 60), resulting from the high number of incidents in the past, and the fact that various missions are located in high-risk areas. The Committee requested that measures be taken to control the sharp increases in mission vehicle insurance costs, both by stricter safety and security measures in the missions and through negotiation of rates with insurance providers. The Committee notes that, for the budget period from 1 July 1999 to 30 June 2000, requirements under vehicle insurance have been reduced in some missions, such as UNDOF, resulting from local insurance arrangements, instead of the use of the worldwide vehicle third-party liability insurance programme. The Committee welcomes these arrangements and trusts that wherever cost-effective they be instituted in other missions on a case-by-case basis.

III. Other matters

Financing of the United Nations Operation in Somalia, the United Nations Mission in Haiti, the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and United Nations Peace Forces headquarters and the United Nations Assistance Mission for Rwanda

43. The Committee exchanged views with representatives of the Secretary-General on notes by the Secretary-General on the financing of the United Nations Operation in Somalia (A/C.5/53/52); the United Nations Mission in Haiti (A/C.5/53/55); the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and United Nations Peace Forces headquarters (A/C.5/53/56); and the United Nations Assistance Mission for Rwanda (A/C.5/53/57).

44. The Committee was told that the purpose of the notes was to inform the General Assembly about the status of the liquidation of the missions and the reasons for the delays, and to indicate what remained to be done before final reports were submitted to the Assembly. In its preliminary review of the notes, the Committee also bore in mind the observations of the Office of Internal Oversight Services in its report (A/53/428, annex, paras. 33–36).

45. The Committee commends the Secretariat for the progress made. It notes that, pursuant to recent decisions of the General Assembly concerning contingent-owned equipment and death and disability, recommendations and observations of the Committee, the Board of Auditors and the Office of Internal Oversight Services, considerable progress has been made in managing the liquidation of peacekeeping missions more effectively. The Committee understands that lessons learned in asset disposal in the United Nations Peace Forces headquarters and UNTAES have been applied to other missions and that as a consequence guidelines to govern the liquidation process have been prepared.

46. The Committee notes that the provisions concerning contingent-owned equipment and death and disability of General Assembly resolutions 50/222 of 11 April 1996, 51/218 E of 17 June 1997 and 52/177 of 18 December 1997 are beginning to improve efficiency in processing claims from Member States. The Committee was informed that the bulk of delays in processing claims related to clearing claims under the old death and disability procedures. In the light of these improvements, the Committee requested a detailed justification of all staff involved in contingent-owned equipment and death and disability claims which clearly identifies those dealing with disputed claims under the old system. The information had not been received at the time of the approval of the present report.

47. On the basis of testimony from representatives of the Secretary-General, the Committee believes that communication between the Secretariat and Member States needs improvement so that Member States are fully aware of what is expected of them. The Committee stresses the importance of including in the relevant memoranda of understanding clear information on the obligations of the Secretariat and Member States, including the five-year period for submission of claims.

48. The Committee recommends that, in conjunction with the submission of the final reports on the above-mentioned missions, the Secretary-General provide information on the guidelines which have already been developed for the liquidation of United Nations peacekeeping missions. Information should also be provided on what further steps would be taken, both by the Secretariat and the General Assembly, to increase the efficiency and timely liquidation of missions. In view of the new procedures for the settlement of claims relating to contingent-owned equipment and death and disability, the Secretariat should review the need to continue the suspension of regulations 4.3 and 4.4 of the Financial Regulations and report to the General Assembly at its fifty-fourth session.

Losses of United Nations property of peacekeeping operations

49. The Committee considered the report of the Secretary-General on losses of United Nations property of peacekeeping operations (A/53/340). As defined in the report, "United Nations property losses" are losses of non-expendable items valued at $1,500 or more per unit at the time of purchase or acquisition, and special items that are considered to be of an attractive nature with a minimum value of $500 or more, including such items as televisions, video equipment and cameras.

50. The Committee notes that the report covers a period of three years, from 1 January 1993 to 31 December 1995, and recommends that data in the report should be updated to cover the period from 1 January 1996 to 31 December 1997.

51. As indicated in paragraph 5 of the report, losses of property that has been written off the records of the Organization include those caused by accidents, acts of war or hostilities, and negligence, as well as those categorized as unaccounted for, concerning assets which could not be located or for which no cause of loss could be determined.

52. According to paragraph 5 (c) of the report, losses due to negligence involve cases directly attributable to gross carelessness of mission personnel, particularly where the responsible party or parties were identified and/or where assessments were imposed against the responsible party. In the view of the Committee, this definition is not clear, particularly as to the use of the phrase gross carelessness; also left unclear is the relation between this definition and the threshold of gross negligence, which is not referred to in the document.

53. Paragraphs 15 to 30 of the report deal with measures instituted to limit losses, comprising personnel, material security measures and administrative measures. The material security measures involved the installation of perimeter fencing, including barbed wire fencing to discourage intrusion; lighting during all hours of darkness; motion detectors, alarms, security surveillance cameras, and locks on doors and windows of offices where valuable items are either in daily use or stored; and provision of safes for storage of particularly valuable or sensitive items. In connection with the prevention of theft of vehicles, measures instituted included distribution of strict instructions to use steering wheel locks and provision of secure parking areas; installation of an electronic tracking system known as "CarLog" in the mission vehicles in United Nations Peace Forces headquarters which allow the mission to record electronically the times when engines are started and shut off; and the establishment of the field assets control system approved by the General Assembly in its resolution 52/1 of 3 November 1997, which enables missions to maintain accurate inventory records and computerize inventory-keeping. The Committee recommends that there is a need to establish standard forms and deadlines for reporting losses and that such losses should be included in performance reports.

54. The Committee notes from annex I to the report (A/53/340) that significant progress has been made in categorizing losses by cause for the various peacekeeping classes of assets, specifying quantity, inventory value and residual value. The Committee trusts that, in the future, reports on the final disposition of the assets of closing missions will include a clear explanation of the losses caused by hostilities and theft and those resulting from write-offs including losses from negligence.

55. In connection with the action that the General Assembly may take at its fifty-third session on the loss of United Nations assets in peacekeeping operations, the Committee recommends that the General Assembly take note of the report of the Secretary-General (A/53/340).

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. II.

Annex I

Unliquidated obligations for the period from 1 July 1997 to 30 June 1998

(United States dollars)

Mission	*As per performance report* [a]	*Percentage of apportionment*	*Current status* [b]
MINURCA	13 408 400	72	6 064 900
MINURSO	9 464 000	20	3 316 300
MONUA	47 011 500	27	22 989 400
UNOMIL [c]	872 000	10	768 945
UNSMIH/UNTMIH/MIPONUH	5 146 800	18	1 991 200
UNTAES/Support Group	27 618 900	22	21 560 000
UNMIBH	16 198 000	9	6 461 365
UNPREDEP	14 476 300	31	6 680 157
UNOMIG	4 168 500	22	3 043 772
United Nations Logistics Base at Brindisi	1 841 900	25	992 553
UNMOT	3 540 100	24	1 228 418
UNIKOM	15 967 800	32	3 888 929
UNIFIL	55 667 200	45	8 511 478
UNDOF	14 517 600	43	3 773 475
UNFICYP	16 521 800	34	2 285 565
Total	**246 420 800**		**93 556 457**

[a] A good part of the unliquidated obligations is related to provision for reimbursement of Member States for troop costs, contingent-owned equipment and the like.

[b] As at 28 February 1999 for the field and 18 March for Headquarters.

[c] Excluding $499,000 in unliquidated obligations related to expenditure for the electoral process.

Annex II

Responsibility for repatriation

Mission	*Government*	*United Nations*	*Total*
Civilian police			
MINURSO	3	1	4
MONUA	3	7	10
UNTAES/Support Group	4	4	8
UNMIBH	786	31	817
UNPREDEP	1	–	1
UNSMIH/UNTMIH/MIPONUH	1	12	13
UNFICYP	–	1	1
Military observers			
UNIKOM	3	13	16
UNMOT	1	–	1
UNMIBH	2	–	2

Annex III

Financial performance for the period from 1 July 1997 to 30 June 1998[a]

(Thousands of United States dollars)

Mission	(1) Secretary-General's budget	(2) Reduction recommended by Advisory Committee	(3) General Assembly appropriation	(4) Absorption for Logistics Base	(5) Unencumbered balance	(6) Variance (2)+(4)+(5)	(7) Variance (percentage) (6):(1)
MINURCA[b]	19 808.6	1 248.0	18 560.6	–	1 893.0	3 141.0	15.9
MINURSO[c]	46 280.1	–	46 280.1	646.7	6 523.2	7 169.9	15.5
MONUA[d]	180 689.0	5 689.0	175 000.0	2 404.3	4 571.9	12 665.2	7.0
UNOMIL[e f]	8 194.2	–	8 194.2	–	154.2	154.2	1.9
UNSMIH/ UNTMIH/ MIPONUH[g h]	28 318.9	–	28 318.9	476.1	906.8	1 382.9	4.9
UNTAES/ Support Group[i]	138 915.8	4 091.0	134 824.8	1 774.0	15 247.3	21 112.3	15.2
UNMIBH[j]	189 135.6	17 135.6	172 000.0	2 585.0	21 752.9	41 473.5	21.9
UNPREDEP[k]	49 474.8	4 874.8	44 600.0	650.0	6 895.7	12 420.5	25.1
UNOMIG[l m]	17 815.2	–	17 815.2	276.0	(290.2)	(14.2)	-0.1
UNMOT[n]	22 282.1	7 590.1	14 692.0	230.3	2 408.4	10 228.8	45.9
UNIKOM	50 653.0	1 117.6	49 535.4	679.2	3 395.5	5 192.3	10.3
UNIFIL	122 166.0	131.0	122 035.0	–	(57.6)	73.4	0.1
UNDOF	32 368.0	–	32 368.0	458.6	1 085.3	1 543.9	4.8
UNFICYP	50 320.4	4 258.7	46 061.7	654.9	178.5	5 092.1	10.1
Total	**956 421.7**	**46 135.8**	**910 285.9**	**10 835.1**	**64 664.9**	**121 635.8**	**12.7**

[a] Figures are shown in gross amounts and exclude amounts for the support account for peacekeeping operations.

[b] For the period from 27 March to 30 June 1998. Excludes budgeted voluntary contribution in kind of $916,900.

[c] Original budget of $29,107,800 was increased following the adoption of Security Council resolution 1133 (1997) of 20 October 1997, by which the Council approved the resumption of identification activities, and resolution 1148 (1998) of 26 January 1998, by which it approved the deployment of an engineering unit for demining activities.

[d] Original budget of $162,138,000 was increased following the adoption of Security Council resolution 1149 (1998) of 27 January 1998, by which the Council approved the retention of the military task force.

[e] Original budget of $19,688,400 was decreased following the adoption of Security Council resolution 1116 (1997) of 27 June 1997, by which the Council extended the mandate until 30 September 1997 on the understanding that it would expire on that date.

[f] General Assembly appropriation (column 3) excludes authorization of $3,273,800 provided by the Advisory Committee to support the electoral process in Liberia from resources approved for the period from 1 July 1996 to 30 June 1997, against which expenditure of $1,228,900 has been recorded, resulting in unutilized balance of $2,044,900.

[g] Original budget of $14,530,000 was increased following the adoption of Security Council resolution 1123 (1997) of 30 July 1997, by which the Council established UNTMIH and resolution 1141 (1997) of 28 November 1997, by which it established MIPONUH.

[h] Excluding budgeted voluntary contributions in kind totalling $1,999,900.

[i] Original budget of $266,619,500 was reduced following the adoption of Security Council resolution 1145 (1997) of 19 December 1997, by which the Council noted the termination of UNTAES on 15 January 1998 and established, with effect from 16 January 1998, a support group of 180 civilian police monitors.

[j] General Assembly appropriation (column 3) excludes authorization of $10,608,000 provided by Assembly decision 52/437 of 18 December 1997, which was not utilized.

[k] Original budget of $44,298,000 was increased following the adoption of Security Council resolution 1105 (1997) of 9 April 1997, by which the Council decided to suspend the reduction of the military component of the Force.

[l] Excluding authorization of $1,653,600 provided by the Advisory Committee to cover the acquisition and operating costs of 15 ballistic-protective vehicles and one ambulance.

[m] Excluding budgeted voluntary contributions in kind totalling $2,057,600.

[n] Original budget of $7,967,700 was increased following the adoption of Security Council resolution 1138 (1997) of 14 November 1997 by which the Council expanded the mandate and strength of UNMOT.

Annex IV

Estimated gross budgetary requirements proposed by the Secretary-General for each peacekeeping operation for the period from 1 July 1999 to 30 June 2000

(United States dollars)

MINURCA[a]	28 000 000
MINURSO	49 023 000
MIPONUH	17 532 200
MONUA[b]	
UNMIBH	168 234 000
UNPREDEP	51 775 500
UNOMIG	29 156 400
UNOMSIL	16 412 400
UNMOT	19 109 400
UNIKOM	50 777 800
UNIFIL	140 044 200
UNDOF	33 247 500
UNFICYP	43 631 800
Total	**646 944 200**

[a] Preliminary projections, 1 July to 30 November 1999 only.

[b] The budget of the Mission, including liquidation, is yet to be submitted.

Annex V

Vacancy rates

Vacancy rates in peacekeeping operations for the period from 1 July 1997 to 30 June 1998

Peacekeeping operation	*Vacancy factor applied in the initial budget estimates (percentage)*	*Actual average vacancy rate (percentage)*
UNIFIL		
Professional	5	18
General Service/Field Service	5	9
Local	0	(4)
UNDOF		
Professional	0	0
General Service/Field Service	0	11
Local	0	2
UNFICYP		
Professional	0	0
General Service/Field Service	0	6
Local	0	6
UNIKOM		
Professional	5	30
General Service/Field Service	5	20
Local	5	12
UNMOT[a]		
Professional	0	29
General Service/Field Service	0	22
Local	0	26
MINURCA[b]		
Professional	15	47
General Service/Field Service	15	42
Local	10	38
MINURSO[c]		
Professional	15	38
General Service/Field Service	15	3
Local	10	8
MONUA[d]		
Professional	0	1
General Service/Field Service	0	4
Local	0	2

Peacekeeping operation	*Vacancy factor applied in the initial budget estimates (percentage)*	*Actual average vacancy rate (percentage)*
UNTAES[e]		
Professional	15	12
General Service/Field Service	20	1
Local	20	5
Support Group [f]		
Professional	0	6
General Service/Field Service	0	14
Local	0	5
UNMIBH[g]		
Professional	4	17
General Service/Field Service	4	24
Local	1	7
UNPREDEP		
Professional	0	43
General Service/Field Service	0	5
Local	0	16
UNOMIG		
Professional	10	17
General Service/Field Service	10	5
Local	10	0
UNSMIH/UNTMIH/MIPONUH		
Professional	0	3
General Service/Field Service	0	3
Local	0	0
United Nations Logistics Base[h]		
Professional	0	25
General Service/Field Service	0	2
Local	0	11

[a] A 10 per cent vacancy factor was applied both for international and local staff for the initial cost estimate for the expansion of UNMOT for the period from 15 November 1997 to 30 June 1998.

[b] For the period from 15 April to 30 June. Reflects phasing-in of civilian staff.

[c] Taking into account actual incumbency for the period from 1 July 1997 to 31 January 1998, as indicated in the revised budget for the period from 1 July 1997 to 30 June 1998 (A/52/730/Add.2); vacancy factor relates to the period from 1 February to 30 June 1998 only.

[d] Taking into account actual incumbency for the period from 1 July to 31 December 1997, as indicated in the revised budget for the period from 1 July 1997 to 30 June 1998 (A/52/799).

[e] Based on the revised cost estimates contained in A/52/801, for which the General Assembly provided a reduced appropriation.

[f] Covering the period from 16 January to 30 June 1998.

[g] Vacancy rates are equivalent to phasing-in schedule.

[h] By its resolution 52/1 of 15 October 1997, the General Assembly converted 7 General Service posts to local level.

Annex VI

Increase in delegated authority for United Nations and contingent-owned equipment, effective 1 October 1998

(United States dollars)

A. United Nations and contingent-owned equipment

Mission	*Date*	*Present delegated authority for United Nations-owned equipment*	*New threshold range of delegated authority for United Nations and contingent-owned equipment*
UNIKOM	14 April 1992	1 500–6 000	1 500–25 000
UNDOF	14 April 1992	1 500–6 000	1 500–25 000
MINURSO	14 April 1992	1 500–6 000	1 500–25 000
UNIFIL	14 April 1992	1 500–6 000	1 500–25 000
UNIFYCP	14 April 1992	1 500–6 000	1 500–25 000
United Nations Peace Forces headquarters[a]	13 June 1996	3 000–25 000	1 500–25 000
UNPREDEP	1 July 1996	1 500–6 000	1 500–25000
UNTAES[a]	26 September 1997	5 000–25 000	1 500–25 000
MONUA	26 September 1997	5 000–25 000	1 500–25 000
UNTMIH/MIPONUH	22 February 1998	1 500–6 000	1 500–25 000
MINURCA	8 April 1998	1 500–6 000	1 500–25 000
UNOMSIL	29 July 1998	1 500–6 000	1 500–25 000

[a] Missions closed but some cases still in process.

B. United Nations-owned equipment

Mission	*Date*	*Present delegated authority for United Nation-owned equipment*	*New threshold range of delegated authority for United Nations-owned equipment*
UNMOGIP	14 April 1992	1 500–6 000	1 500–25 000
UNTSO	14 April 1992	5 000–25 000	1 500–25 000
MINUGUA	24 May 1995	1 500–6 000	1 500–25 000
UNOMIG	24 May 1995	1 500–6 000	1 500–25 000
UNMOT	20 January 1996	1 500–6 000	1 500–25 000
UNMIBH	21 July 1996	1 500–6 000	1 500–25 000
Office of the United Nations Special Coordinator in the Occupied Territories	19 August 1996	1 500–6 000	1 500–25000
Office of the Humanitarian Coordinator in Iraq	30 April 1997	1 500–6 000	1 500–25 000
United Nations Logistics Base	18 November 1997	5 000–25 000	1 500–25 000
Civilian Police Support Group	20 September 1998	1 500–6 000	1 500–25 000

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Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force; United Nations Interim Force in Lebanon

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force; United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 1997 to 30 June 1998 (A/53/779) and the proposed budget for UNDOF for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/779/Add.1). The Committee also considered the financial performance report for the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 1997 to 30 June 1998 (A/53/797), and the proposed budget for UNIFIL for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/819). During its consideration of these reports the Advisory Committee met with representatives of the Secretary-General, and the Chief Administrative Officers of both missions, who provided additional information.

I. United Nations Disengagement Observer Force

2. The United Nations Disengagement Observer Force was established by the Security Council by its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces for an initial period of six-months. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1211 (1998) of 25 November 1998, by which the mandate of the Observer Force was extended until 31 May 1999.

3. As indicated in section V.A of the Secretary-General's report (A/53/779/Add.1), total resources made available to the Observer Force, from its inception to 30 June 1999, amount to $1,236.6 million gross, subject to extension of the mandate of UNDOF beyond 31 May 1999. Expenditures are estimated at $1,214.1 million gross. The Committee was also informed that amounts totalling $1,177.1 million had been assessed on Member States for the period from inception until 31 December 1998, and that payments received totalled $1,125.5 million, leaving a shortfall of $51.6 million.

4. Cash balances, as of 8 February 1999, amounted to $27.7 million. Furthermore, the Committee was informed that troop-contributing countries had received payment of

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$106,898,398 for the period from 1 December 1989 to 31 May 1998 and that an estimated amount of $8,004,057 was still due for the period from 1 June to 31 December 1998.

Financial performance report for the period from 1 July 1997 to 30 June 1998

5. The financial performance report of UNDOF for the period from 1 July 1997 to 30 June 1998 submitted by the Secretary-General (A/53/779) also outlines the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNDOF.

6. Total resources made available to UNDOF for the period from 1 July 1997 to 30 June 1998, as shown in paragraph 9 and annex I to the performance report, amount to $33,616,400 gross ($32,714,400 net), inclusive of the amount of $1,248,400 for the support account for peacekeeping operations. Expenditures amounted to $32,531,100 gross ($31,826,800 net), leaving an unencumbered balance of $1,085,300 gross ($887,600 net), approximately 3.2 per cent of the amount appropriated. Unliquidated obligations as of 31 December 1998 were reported at $16.8 million. However, upon inquiry, the Committee was informed that, as of 24 February 1999, they had been reduced to $3,907,600. Of this total amount, $2,049,200 were related to military personnel costs, $295,900 to civilian personnel and $1,562,500 were still reported under operational costs. In this connection, the Committee reiterates its views contained in its previous report (A/52/860) and its recommendation regarding the need to ensure timely and regular review of unliquidated obligations.

7. The Committee notes that the savings realized during the reporting period are mostly attributable to the devaluation of local currency, reduced procurement of equipment and supplies owing to the availability of some of those items at the United Nations Logistics Base at Brindisi, Italy, and additional savings under transport operations.

8. The Committee notes that savings totalling $445,000 are reported under civilian personnel costs, out of a budgeted provision of $5,586,000. This was mostly due to the average monthly vacancy rate of 11.2 per cent for international staff and 2.4 per cent for local staff for the period, as well as to the impact of the devaluation of the local currency on local staff and general temporary assistance costs and the non-use of overtime resources.

9. Savings of $899,000, out of a budgeted provision of $3,526,000, are also reported under transport operations. The Committee notes that an amount of $449,700 was saved as a result of the volume discounts obtained from systems contracts for vehicle purchases, and underexpenditures of $495,000 under petrol, oil and lubricants, resulting from the devaluation of the local currency and the reduced use of diesel fuel for generators as a result of the switch to electricity provided by the Government of Syria at a lower cost. Both provisions had been initially budgeted at $1,352,000 and $1,114,000, respectively.

10. However, the Committee noted several instances of overexpenditure, as a result of unbudgeted activities under other budget items. In connection with vehicle insurance, an unbudgeted additional amount of $217,000 is reported against an initial budget provision of $152,000. In this regard, the Committee recalls that, in its report A/51/684/Add.1, it noted a sharp increase in insurance premiums resulting from the high number of incidents at the time of that report in the past, and the fact that the mission was considered to be in a high risk area. The Committee was informed at that time of several initiatives to prevent accidents. Upon inquiry, the Committee was informed that these initiatives were working. Moreover, the number of road accidents reported has declined from 136 in 1997 to 112 in 1998.

11. Other instances of unbudgeted overexpenditures include premises and accommodations, where an additional amount of $111,200 is reported, resulting from some unbudgeted construction projects for the improvement of shelters and the charges relating to the switch from UNDOF generators to electricity now provided by the Syrian Government. Similarly, under other equipment, an additional $50,500 is indicated resulting from the unbudgeted acquisition and replacement of kitchen and mess equipment for the new international dining hall at an additional cost of $79,600. In addition, the Committee noted several instances where overexpenditures are offset by underexpenditure under the same budget item heading. Such is the case under communications, as indicated in annex II of the Secretary-General's report. In this case, an additional unbudgeted $49,300 was required to replace a PABX telephone exchange, whereas a reduction in requirements of $99,400 is reported as a result of the postponement of the acquisition of spare parts for repairs and maintenance of communication equipment. The Committee recommends that better attention be paid to more accurately estimating requirements.

12. In paragraph 11 of the Secretary-General's report, it is indicated that the action to be taken by the General Assembly at its fifty-third session, in connection with the financing of UNDOF, is a decision on the treatment of the unencumbered balance of $1,085,300 gross ($887,600 net) for the period from 1 July 1997 to 30 June 1998. The

Committee recommends that Member States be credited their respective shares of the unencumbered balance for the period in question in a manner to be determined by the General Assembly.

Proposed budget for the period from 1 July 1999 to 30 June 2000

13. In its resolution 52/236 of 26 June 1998, the General Assembly appropriated $33,643,900 gross for the maintenance of the Force for the period from 1 July 1998 to 30 June 1999. The cost estimates submitted by the Secretary-General in his report on the proposed budget amount to $33,247,500 gross ($32,514,600 net) for the period from 1 July 1999 to 30 June 2000 (see A/53/779/Add.1, annex I.A). As indicated in paragraph 29 of that report, the proposed requirements represent a 1.2 per cent decrease in relation to the previous period, exclusive of provision for the support account for peacekeeping operations. This is because of a reduction in requirements under local staff salaries, resulting from the devaluation of the local currency, and under transport operations, as a result of the availability of replacement vehicles at the United Nations Logistics Base at Brindisi, partially offset by an increase in rations under military personnel costs.

14. The Committee recalls that it requested the Secretary-General to review and make recommendations on the status of the amounts withheld as a result of the suspension of regulation 4.3 of article IV of the Financial regulations of the United Nations (A/52/860/Add.5, para. 4). The Committee notes the information provided in annex III to the Secretary-General's report. As indicated in annex III, paragraph 3, after adjusting for the amounts of $36 million and $15.3 million, the net balance in the suspense account amounted to $13.6 million. The financial position of UNDOF's special account for the period since inception to 30 June 1999, as of 31 December 1998 is provided in the table below paragraph 4 in annex III. Since the period from 1 July 1998 to 30 June 1999 has yet to be audited, the Committee believes that the position should have been provided up to 30 June 1998. A revised table, deleting the proforma expenditures for the current period 1 July 1998 to 30 June 1999, has been provided to the Committee, upon request, and is attached to the present report. The Committee is of the opinion that unless otherwise decided by the General Assembly, the $13.6 million should be credited back, in a phased manner, to the Member States.

15. Military personnel costs, estimated at $18,781,500, reflect a 3.1 per cent increase (or an additional $567,600) in relation to the previous budgetary period. As indicated in annex I.C to the Secretary-General's report, the increase results from the additional requirements of $563,400 in ration costs. In this connection, the Committee was informed that a new rations contract would take effect in March 1999. The proposed budget also includes an increase to $130,700 under contingent-owned equipment, compared to the $126,500 budgeted for the period 1998/99, to provide for the wet lease of 7 vehicles, for which an agreement has been signed between a Member State and the United Nations, and provision of an x-ray machine, under a Letter of Assist. The Committee notes with satisfaction the provision for staff training in the new contingent-owned equipment procedures.

16. The staffing requirements provide for a total of 123 posts (36 international and 87 local), including 3 additional local staff posts (two in the Electronic data-processing Section and one in the Force Construction Engineer's Office). The Committee recommends that this proposal be accepted. No vacancy rate factor has been applied to the staffing requirements. However, the estimated requirements of $5,010,300 under civilian personnel costs represent a decrease of 9.8 per cent in relation to the previous budget period, reflecting a decrease of $543,600 owing to the devaluation of the local currency from 23.80 to 45.00 Syrian pounds per 1 US$, effective 1 January 1998. The Committee also notes there are no mission appointees in UNDOF (see para. 47 below).

17. As shown in annex I.A to the Secretary-General's report, estimated requirements for operational costs have decreased from $8,997,400 in the budget for the period from 1 July 1998 to 30 June 1999, to $8,722,800 during the period under review — a 3.1 per cent decrease. In this connection, the Committee notes a reduction in the requirements under transport operations to $4,025,700 from $4,550,500 for the previous budget period. Additional details are provided in paragraphs 11 to 14, of annex I.C, of the report. Estimates provide for non-recurrent costs amounting to $1,847,000 for the replacement of 103 vehicles out of a fleet of 367, four of which are being transferred from the United Nations Logistics Base at Brindisi, and provides for an amount of $974,600 for spare parts, repairs and maintenance based on past experience, as indicated therein. The Committee also notes reduced requirements under vehicle insurance resulting from a local arrangement, instead of the use of the worldwide vehicle third-party liability insurance programme. In view of its comments, in paragraph 10 above, the Committee welcomes this arrangement. Moreover, the Committee requests the extension of this practice to other missions whenever possible and cost-effective.

18. A decrease in requirements is also indicated under premises and accommodations, from a provision of

$1,514,500 in the previous budget, to $1,492,900 in the budget under review. This is mainly due to reduced requirements under maintenance, supplies and services arising from the devaluation of the local currency, as well as acquired mission experience.

19. These decreases, however, are partially offset by increases under the communications budget line, due to the replacement and modernization of essential equipment (an increase of $41,800 over the provision in the previous budget of $583,500); under other equipment, which shows an increase of $202,100 over that of the previous budget of $900,900, for the replacement of office, data-processing, observation and accommodation equipment, as indicated in paragraphs 17 to 20 of annex I.C to the Secretary-General's report and under supplies and services, where an increase of $27,900 over the previous budget is indicated, taking into account past experience.

20. The Committee requested the estimates of the direct support provided by the United Nations Truce Supervision Organization (UNTSO) to UNDOF. In this regard, the Committee notes, for the two-year period from 1 January 1998 to 31 December 1999, that the costs associated amount to $8,903,300.

21. In paragraph 33 of the proposed budget report the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNDOF is outlined. The Committee recommends approval of the Secretary-General's proposal that the General Assembly appropriate the amount of $33,247,500 gross ($32,514,600 net) for the 12-month period beginning on 1 July 1999, to be assessed at the monthly rate of $2,770,625 gross ($2,709,550 net), subject to the extension of the mandate of the Force by the Security Council beyond 31 May 1999.

II. United Nations Interim Force in Lebanon

22. The United Nations Interim Force in Lebanon was established by the Security Council by its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The Mission's mandate has been extended several times by the Council, most recently in its resolution 1223 (1999) of 28 January 1999, by which the Council extended the mandate of the Force until 31 July 1999.

23. In section V.A of the proposed budget for United Nations Interim Force in Lebanon for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/819) it is indicated that resources made available to the Force since inception to 30 June 1999 amounted to $3,023 million gross. Expenditures are estimated at $3,008 million for the same period. Amounts totalling $2,897 million have been assessed on Member States in respect of UNIFIL from 16 June 1993 to 31 December 1998 and contributions received as at 31 December 1998 totalled $2,784 million. Outstanding balances amount to $112.9 million.

24. Cash balances, as of 8 February 1999, amounted to $91.1 million. Furthermore, the Committee was informed that troop-contributing countries had received payment of $807,123,863, for the period from 1 December 1989 to 31 May 1998, and that an estimated amount of $34,038,921 was still due for the period from 1 June to 31 December 1998.

Financial performance report for the period from 1 July 1997 to 30 June 1998

25. The financial performance report of UNIFIL for the period from 1 July 1997 to 30 June 1998 submitted by the Secretary-General (A/53/797) also outlines the action to be taken by the General Assembly at its fifty-third session in connection with the financing of the Force.

26. Total resources made available to UNIFIL for the period from 1 July 1997 to 30 June 1998, as shown in paragraph 9 and table 1 of the Secretary-General's report, amounted to $124,969,700 gross ($120,860,700 net), inclusive of the amount of $4,708,300 for the support account for peacekeeping operations. Expenditures amounted to $125,027,300 gross ($121,781,500 net) resulting in a shortfall of $57,600 gross ($844,000 net). This resulted primarily from the upward revision of local staff salaries by 61.8 per cent, effective 1 March 1997, and the delayed liquidation of obligations no longer required, which could not be identified and cancelled in time before the closing of the accounts.

27. The Committee recalls that the initial estimates of the Secretary-General, as set out in his report for the period from 1 July 1997 to 30 June 1998 (A/51/535/Add.2) amounted to $122,166,000 gross, exclusive of the provision for the support account. The Committee, in its report of 2 April 1997 (A/51/684/Add.1), recommended the conversion of 140 instead of 151 general temporary assistance-funded posts to local level posts, reducing the appropriation to $122,035,000 gross. The General Assembly agreed with this proposal and in its resolution 51/233 of 13 June 1997 it decided, *inter alia*, to authorize the Secretary-General to enter into commitments in the amount of $1,773,618 to cover the costs resulting from the incident at the headquarters of the Force Qana on 18 April 1996, and that the amount should be borne by the Government of Israel. As a result, UNIFIL's budget was reduced by $1,773,618 and the Secretariat implemented the

reduction under the budget lines indicated in paragraph 7 of the Secretary-General's report (A/53/797): military and civilian personnel costs; premises/accommodations; transport operations; air operations; communications; other equipment; supplies and services; and air and surface freight. The Committee notes, however, that this resulted in budget overruns reported under some of those same budget lines: premises/accommodations; communications; and other equipment and supplies and services. Moreover, as indicated in paragraph 8 of the same report, in order not to exceed the adjusted budget level approved by the General Assembly, it was necessary to realign the apportionment of resources and to adjust planned work.

28. The Committee also notes that it was therefore impossible for UNIFIL to identify savings in order to absorb its share of the prorated cost of the maintenance of the United Nations Logistics Base at Brindisi. In the opinion of the Committee, every mission should bear its share of the cost of the operation of the logistics Base. However, the Committee was informed, upon inquiry, that new practice calls for Headquarters to deduct the portion related to the cost of the Base, before allotments are made to each mission. Until such time as the General Assembly may decide to change the funding method, the Committee agrees with this procedure.

29. The Committee notes that no payment has been received, until now, from the Government of Israel to cover the costs of the Qana incident (A/53/797, para. 11). However, in accordance with the explanation provided in paragraph 12 of the same report, the amount to be borne should be reduced to $1,284,633 to reflect final actual expenditures.

30. As of 31 December 1998, unliquidated obligations for the period from 1 July 1997 to 30 June 1998 were reported at $45.3 million. Upon inquiry, however, the Committee was informed that these had been reduced to $13,330,100 as of 26 February 1999. Of this total amount, $7,076,100 related to military personnel costs, $480,200 to civilian staff costs and $5,773,800 to operational costs. In this regard, the Committee recalls the comments made in its previous report (A/52/860/Add.6).

31. Savings of $1,936,600 are reported under military personnel costs, resulting from a new rations contract, lower actual local food purchases, long-term global bidding of charter flights in respect of rotations of troops and lower actual average troop strength, 4,367 instead of the authorized 4,513. The Committee was informed, upon inquiry, that long-term global bidding of charter flights has become normal practice for all missions. The Committee welcomes this development. Those savings were partially offset by unbudgeted additional requirements of $110,900, under contingent-owned equipment, to cover the cost of reimbursement of a government claim, under letter of assist, for a previous period.

32. Additional requirements of $1,991,900 are recorded under civilian personnel costs, due to various developments such as the unbudgeted increase in local staff salaries, noted in paragraph 27 above; as well as the delayed termination/separation of individual local contractors employed under special service agreements (SSA), and of local staff hired as general temporary assistance whose contracts expired beyond 30 June 1997. The Committee was informed, upon inquiry, that there were no new staff hired under special service agreements after 1 July 1997. However, as of 30 June 1997, there were 104 individuals working under special services agreements in the mission with contracts valid until 31 July 1997. The salaries of these personnel were charged against the general temporary assistance budget line rather than contractual services to be consistent with the manner in which such costs had been previously recorded.

33. As indicated in paragraph 2 of annex II, these additional requirements were partially offset by savings under international staff salaries resulting from the average vacancy rate of 10 per cent during the period. The Committee notes that international staff vacancies continued to be high, yet it was informed, upon inquiry, that many international staff had been deployed to the new missions during the period in question. However, in view of the decreasing size and number of peacekeeping operations, the number of staff deployed to new missions has been decreasing. Local staff, instead, reported an over-encumbrance of 4 per cent resulting from the conversion of general temporary assistance to local staff. The Committee is of the opinion, however, that better management could have avoided this over-encumbrance.

34. The Committee notes that of the overexpenditures of $288,800 reported under supplies and services, an amount of $164,600 corresponds to the conversion of 48 special service agreement holders to local contractors. In addition to the information provided in paragraph 32 above, the Committee recalls that the Secretary-General, in his report A/51/535/Add. 2, had proposed 151 new local posts for the conversion of general temporary assistance positions. The General Assembly, upon recommendation of the Committee, approved a level of 140 new local level posts. The positions under general temporary assistance that were not approved continued to be funded under contractual services during the period.

35. An overexpenditure of $631,800 is reported under premises and accommodations. From the additional information requested by the Committee, it is evident that the reduction to $1,884,500 under this budget item, taking into account the decision contained in resolution 51/233 regarding the Qana incident, from the initial estimate of $2,884,000, proved to be unrealistic. Most of the overexpenditure ($702,300) occurred under construction/prefabricated building requirements, where reductions of $999,500 had been identified. Such was also the case under transport operations, most specifically under spare parts, repairs and maintenance, where reductions of $113,400 were identified and overexpenditures of $363,600 are reported, as well as under communications equipment, where reductions of $244,553 were identified and overexpenditures of $225,400 were later reported.

36. The Committee notes that additional requirements of $259,800, as compared to the initial provision of $1,882,600, are reported under other equipment. The Committee further notes that this item contains unbudgeted overexpenditures of $70,100 for procurement of a scanning/imaging system and other electronic data-processing equipment. The Committee was informed upon inquiry, however, that a pilot project was carried out in the United Nations Truce Supervision Organization, confirming the benefits of the imaging system for asset disposal management, fax communication and the archiving of records. The Committee was further informed that the system could therefore be introduced in other missions. The Committee commends the Secretariat for this initiative and recommends its introduction and use in other missions, as soon as possible.

37. The Committee also sought additional information on the value of the savings obtained from receipt of vehicles, workshop equipment for transport operations, maintenance supplies, kitchen equipment, generators, and electronic data-processing equipment, among others, obtained from available ex-mission stock in the United Nations Logistics Base at Brindisi. The Committee was informed that items with an inventory value of $1,492,342 were obtained from Brindisi and that items with an inventory value of $6,347,336 were obtained from the closing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium. Although some items received have been used during the period from 1997 to 1998, the remaining items will be used in the following financial periods.

38. In paragraph 13 of the Secretary-General's report (A/53/797) it is indicated that the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNIFIL is to take note of the additional requirements of $57,600 gross ($844,000 net) for the period from 1 July 1997 to 30 June 1998, which will be covered by the liquidation of obligations no longer required for the same period; and to revise the amount of the commitment authority granted in paragraph 7 of Assembly resolution 51/233 and, correspondingly, the amount to be borne by the Government of Israel in relation to the Qana incident from $1,773,618 to $1,284,633. The Committee recommends acceptance of this proposal.

Proposed budget for the period from 1 July 1999 to 30 June 2000

39. The General Assembly, in its resolution 52/237 of 26 June 1998, appropriated $135,831,900 gross for the maintenance of the Force for the period from 1 July 1998 to 30 June 1999, exclusive of the provision for the support account of peacekeeping operations. The Committee recalls that the initial budget of the Secretary-General amounted to $136,719,500; the Committee recommended approval of the requirements after reduction of $887,600, resulting from the establishment of 11 local posts, rather than the 49 local posts proposed by the Secretary-General, for personnel previously hired under special service agreements. The General Assembly endorsed the recommendation of the Committee, approving the amount as amended by the Committee, in addition to an amount of $7,152,600 for the support account for peacekeeping operations.

40. The cost estimates submitted by the Secretary-General (A/53/819) for the period from 1 July 1999 to 30 June 2000 amount to $140,044,200 gross ($136,014,800 net) inclusive of a $135,000 budgeted voluntary contribution. The latter relates to the contribution by the Government of Lebanon, since February of 1998, of UNIFIL House in Beirut. This estimate reflects an increase of $4,212,300 in resources, or 3.1 per cent over the previous 12-month budgetary period, owing to an expected increase in rations costs after the commencement of a new contract effective 1 October 1998; an upward revision of 2.5 per cent in local staff salaries effective 1 March 1998; and increased requirements for the replacement of vehicles and other equipment.

41. The proposed budget provides for the maintenance of the Force, which comprises 4,513 troops, supported by a civilian establishment of 491 staff, including 147 international and 344 local posts. The Committee was informed that, as of 31 December 1998, there were 4,484 troops in UNIFIL: of the 146 authorized international staff, 127 posts were encumbered as were all of the 344 authorized local staff posts.

42. The Committee sought clarification as to the budgetary and organizational effect of the further integration of UNIFIL maintenance, logistical and technical support services into unified support services to increase efficiency mentioned in paragraph 7 of the proposed budget. In this regard, the Committee was informed that this integration was expected to result in qualitative improvements, including better management, maintenance and utilization of scarce resources, as well as quick and efficient response to the battalions.

43. The proposed budget reflects a 0.9 per cent increase in military personnel costs resulting from the inclusion of a provision of $541,000 under contingent-owned equipment, to cover first-time provision for the wet-lease costs for crew-served weapons ($159,504), patrol dogs ($28,800) and ammunition requirements ($352,748) currently provided under letter of assist. In this connection, the Committee recalls the comments and observations made in paragraph 48 of its report A/51/684/Add.1, in which it indicated that, although at that time, it had been informed that it was not considered cost-effective to introduce the new arrangements, this possibility would be considered in the not too distant future when fully depreciated equipment would be replaced. The Committee understands that the Secretariat is drawing up a plan for the earliest introduction of the new contingent-owned equipment arrangements to UNIFIL.

44. The Committee requested additional information in connection with the method used for estimating ammunition requirements included under contingent-owned equipment reimbursement. The Committee was informed that a review of ammunition requirements was conducted in UNIFIL in 1998. The amount indicated included operational requirements of $161,118, based on previous expenditure and consumption experience, and requirements of $180,965 for "zeroing" and testing of weapons, which are not subject to rotation to the contingent home country.

45. The proposed requirements under civilian personnel costs, which amount to $26,051,100, reflect a 1.7 per cent increase in comparison to the budget for the previous period. The total staffing component of 491 posts consists of 147 international (22 Professional, 45 General Service and 80 Field Service) and 344 local staff. It includes the establishment of one P-3 post, for a Staff Counsellor/Welfare Officer, and the upgrading of two P-2 to P-3 posts in data-processing and contract activities. Moreover, a 5 per cent vacancy factor is incorporated for international staff, while no vacancy factor is incorporated for local staff. The Committee recommends acceptance of the staffing changes proposed. The Committee further notes that local staff salaries reflect a 2.5 per cent increase effective 1 March 1998, based on the results of a salary survey conducted by the United Nations Development Programme. The Committee requested additional information as to the survey and comparators used for the upward revision.

46. The Committee was informed that the last salary survey had been carried out in 1996/97. The comparators used for Beirut, included a number of embassies, in addition to the International Committee of the Red Cross. The Committee believes that the base of future surveys should be broadened, in accordance with the provisions in General Assembly resolution 52/216 of 22 December 1997 (section II, para. 2).

47. The Committee also requested additional information on the use of mission appointees and was informed there are no staff employed under the 300-series rules in UNIFIL, UNDOF, UNTSO, the United Nations Peacekeeping Force in Cyprus or the United Nations Logistics Base at Brindisi, since they are considered established duty stations. However, the Committee was further informed, upon inquiry, that there are no operational impediments which would bar the hiring of 300 series employees.

48. The Committee also notes, from the information provided in paragraph 7 of annex I.C, that a provision of $114,300 is included for other travel costs. The provision under the same item for the period from 1 July 1998 to 30 June 1999 amounted to $106,000, but contained a more detailed justification. The Committee notes that resources are requested for the same purpose for similar reasons, such as the 10-day trip to the headquarters of the International Civil Aviation Organization in Montreal. The Committee expects strict control of travel resources with a view to achieving economies.

49. The proposed budget reflects a 10.7 per cent increase in operational costs compared to the budget for 1 July 1998 to 30 June 1999. The Committee notes, in fact, that operational costs have increased from $18,973,300 in 1997/98 to $30,830,700 for 1999/00. Most of the increase relates to transport operations where requirements of $8,358,200 in 1997/98 have increased to a proposed $17,660,500 for 1999/00. Moreover, additional resources of $2,723,400, over the last period, are proposed under this budget item. This includes a non-recurrent provision of $9,448,630 for the replacement of 415 vehicles, out of a fleet of 1,085 in current inventory, based on established replacement policy and $223,000 for workshop equipment. An amount of $8,254,125 was requested in the budget for 1998/99 to replace 167 vehicles.

50. The costs for spare parts, repairs and maintenance of $5,250,400 for a fleet of 1,083 vehicles have been calculated

on the basis of past maintenance cost experience in the Mission, changing from $194, in the previous submission, to $169 per month per vehicle for civilian pattern vehicles and from $642 to $739 per month per vehicle for military pattern vehicles.

51. The Committee notes, however, that the provision for vehicle insurance has declined from $852,800 during 1998/99 to $493,500 in the proposed cost estimates for 1999/00. This is the result of the renegotiation of the worldwide policy rate for insurance of the UNIFIL vehicle fleet, effective 1 October 1998. The Committee further notes that, as a result of initiatives undertaken by UNIFIL's administration, vehicle accidents declined from 210 during 1995/96 to 139 during 1997/98. The Committee commends the Force for the results achieved in this regard.

52. The increase under other equipment, from $2,463,400 in the budget for 1998/99 to $2,817,600 in the current submission, results from non-recurrent requirements of $1,698,500, to replace a variety of office, data-processing, office furniture, observation, medical, dental, accommodation and miscellaneous equipment, as indicated in annex I.C. and detailed in annex II.C of the proposed budget. The Committee is of the opinion, with regard to the replacement of data-processing equipment and year 2000 compliance, that mission-critical equipment should have priority and that the rest should be retained until their replacement cycle comes due. The Committee believes that phasing out the equipment would be more cost effective.

53. The budget item for supplies and services shows a decrease from $3,942,400 in the previous budget to $3,888,400 in the proposed cost estimates. The Committee notes, from the information provided in annex I.A, that resources amounting to $1,082,000 are requested for the 38 local posts moved to this item, as recommended by the Committee in its previous report (A/52/860/Add.6). As indicated therein, the resources for this item for the 1998/99 budget period amount to $988,000. The Committee was further informed, upon inquiry, that these resources cover payment to several individual contractors.

54. The Committee requested the estimates of the direct support provided by the UNTSO to UNIFIL. In this regard, the Committee notes, for the period from 1 January 1998 to 31 December 1999, that the costs associated amount to $5,252,400.

55. In paragraph 29 of the proposed budget report, the actions to be taken by the General Assembly at its fifty-third session in connection with the financing of UNIFIL are outlined. In view of the reasons indicated in paragraph 9, of the report, the situation described in his report to the Security Council (S/1999/61), and the exchanges during the hearings conducted by the Committee, the Committee recommends approval of the Secretary-General's proposal that the General Assembly appropriate the amount of $140,044,200 gross ($136,014,800 net), inclusive of the $135,000 budgeted voluntary contribution, for the 12-month period beginning on 1 July 1999, to be assessed at the monthly rate of $11,659,100 gross ($11,334,566 net), net of the budgeted voluntary contribution, subject to the extension of the mandate of the Force by the Security Council beyond 31 July 1999, in addition to assessment of $11,659,100 gross ($11,334,566 net), net of the budgeted voluntary contribution for the period from 1 to 31 July 1999.

Annex

Financial position of the United Nations Disengagement Observer Force special account from inception to 30 June 1998 at 31 December 1998

(Millions of United States dollars)

Operating cash position	*Gross*	*Net*
1. Income		
Assessed contributions received	1 125.5	1 125.5
Voluntary contributions in kind	–	–
Voluntary contributions in cash	[a]	[a]
Interest income (for the period ending 30 June 1998)	3.9	3.9
Miscellaneous income	–	–
Total, line 1	**1 129.4**	**1 129.4**
2. Less: total operating costs[b]	1 180.6	1 163.3
3. Projected operating deficit (1 less 2)	(51.2)	(33.9)

[a] Cyprus voluntary contributions of US $629 for the period from 1 January to 30 November 1996.

[b] Based on performance reports

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Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 1997 to 30 June 1998 contained in document A/53/782 and on the proposed budget for the 12-month period from 1 July 1999 to 30 June 2000 contained in document A/53/817. During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, including the Chief Administrative Officer, who provided additional information.

Financial performance for the period from 1 July 1997 to 30 June 1998

2. As indicated in paragraph 3 of the Secretary-General's report (A/53/782), the amount approved by the General Assembly for the period from 1 July 1997 to 30 June 1998 for the maintenance of UNIKOM was $51,487,500 gross ($49,599,300 net), inclusive of $1,952,100 for the support account for peacekeeping operations. Taking into account the two-thirds share of the net amount (i.e., exclusive of the support account) equivalent to $33,066,200, to be funded through voluntary contributions from the Government of Kuwait, an amount of $18,421,300 gross ($16,533,100 net) had been assessed on Member States.

3. Expenditure for the period totalled $48,092,000 gross ($46,515,000 net), resulting in an unencumbered balance of $3,395,500 gross ($3,084,300 net). As indicated in the summary of the Secretary-General's report, the unencumbered balance resulted mainly from lower catering costs under rations for military contingents, civilian vacancies, cost-sharing arrangements with the United Nations Office of the Humanitarian Coordinator for Iraq for

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fixed-wing aircraft and reduced requirements under communications and supplies and services. In this connection, the Advisory Committee notes, from paragraph 7 of the Secretary-General's report on the financial performance of UNIKOM that all projects included in the approved budget for the financial year 1997–1998 were implemented in the course of the year.

4. The Advisory Committee was informed that troop cost reimbursement up to 31 May 1998 totalled $59.6 million, while the amount owed for the period from 1 June 1998 to 31 January 1999 was $7.9 million. With regard to contingent-owned equipment, the Advisory Committee was informed that, as at 31 December 1998, an amount of $4.3 million had been reimbursed, the estimated amount owed was $3.5 million, while unliquidated obligations in respect of contingent-owned equipment totalled $3.8 million. The Advisory Committee was informed that reimbursement to Governments for equipment provided to the Mission was based on the old reimbursement system of 10 per cent of its value per year. With regard to death and disability compensation, as at 31 December 1998, the amount paid was $404,304, there were six claims submitted and three pending claims; unliquidated obligations amounted to $1,547,900 as at 31 December 1998.

5. The Advisory Committee notes from table 2 and paragraph 2 of annex II of the Secretary-General's report that there was a continued high vacancy rate for international and local civilian staff. While provision was made for 72 international staff, inclusive of a 10 per cent vacancy factor, the actual monthly strength averaged 56, representing an average monthly vacancy rate of 22 per cent. The Advisory Committee was informed that, as at 31 December 1998, the situation remained basically unchanged, since only 60 of the 72 posts were encumbered. On enquiry, the Advisory Committee was informed that UNIKOM has experienced difficulty in retaining those staff who are "Mission appointees", in part because of the differential in salary and emoluments between this category of staff and other international personnel. It is expected that the Mission will endeavour to arrange for transfer of international staff from other Missions that are closing down. The Mission also continued to experience difficulty in recruiting local staff.

6. The Advisory Committee notes from annex II to the Secretary-General's report that savings were achieved through non-utilization of resources for procurement purposes. The Advisory Committee was informed that, in a number of cases, procurement of equipment was postponed because the Mission's needs were being reviewed. With regard to communications equipment, procurement was postponed because the efficacy and cost-benefit effect of change from analog to digital equipment was being reviewed. The Committee notes from paragraph 7 of annex II to the Secretary-General's report that, with respect to air operations, there was an unutilized balance of $231,100, owing in part to the inclusion of the air crew subsistence allowance in the contract for air operations. The Advisory Committee recommends that, in future, other Missions explore the possibility of including air crew subsistence allowance in the contract for air operations.

7. The Advisory Committee notes the explanation for the overexpenditure of $45,400 indicated under transport in paragraph 6 of annex II to the Secretary-General's report. Part of this amount was attributable to the costs for diesel fuel for which a corresponding underexpenditure has been indicated under premises/housing in paragraph 4 of annex II of the same report.

8. As indicated in paragraph 14 of the report, the action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $3,395,500 gross ($3,084,300 net) for the period from 1 July 1997 to 30 June 1998. The Advisory Committee recommends that the unencumbered balance

be credited to Member States, it being understood that two-thirds of the amount would first be refunded to the Government of Kuwait.

Overpayment and recovery of mission subsistence allowance

9. The Advisory Committee recalls its comments in paragraphs 6 to 16 of its report A/52/860/Add.7 with regard to the question of overpayment of mission subsistence allowance and recovery of the amounts overpaid. In that report the Committee had outlined the existing position in respect of the amounts overpaid and the amounts recovered. The Committee had also requested that a separate report be submitted to the General Assembly at its fifty-third session on developments related to the issue of overpayment of mission subsistence allowance and compensatory time off; the General Assembly, in its resolution 52/238 of 26 June 1998 had endorsed the Committee's request.

10. The Committee, however, regrets that the report providing updated information on developments relating to the issue of overpayment of mission subsistence allowance and compensatory time off, including measures taken with respect to those responsible for the overpayment on the basis of the conclusion of the inquiry, as requested in paragraph 18 of Assembly resolution 53/238, is not available. The Committee was informed that the report is under preparation, in particular that part of it dealing with measures taken with respect to those responsible for the overpayment on the basis of the conclusion of the inquiry.

Cost estimates for the period from 1 July 1999 to 30 June 2000

11. As indicated in the summary of the Secretary-General's report A/53/817, the cost of maintaining the Mission for the period from 1 July 1999 to 30 June 2000 is estimated at $50,777,800 gross ($48,782,900 net). Two thirds of this amount is to be funded through voluntary contributions from the Government of Kuwait. The proposed budget represents a 3 per cent increase in gross terms compared with the resources approved for the preceding 12-month period.

12. The estimate provides for 195 military observers and 908 contingent troops. It also provides for 65 international and 150 local staff after the application of a 10 per cent vacancy factor to civilian posts.

13. As indicated in paragraph 22 of the Secretary-General's report (A/53/817), the reason for the increase in requirements is mainly the result of an increase in civilian personnel costs and staff assessment due to higher rates of 1999 standard salary and an addition of one P-3 post, offset partially by the abolition of 1 General Service post. Other increases are attributable to increased requirements under operational costs due to higher premises/accommodation costs, air operations, first-time provision of naval operations, communications and other equipment and supplies and services.

14. With regard to the establishment of a new air safety/air operations officer post at the P-3 level, the Advisory Committee notes the information in paragraph 19 and in annex II.D to the Secretary-General's report and recommends approval of the post. The Advisory Committee was informed that it was envisaged that, for the period 1 July 1999 to 30 June 2000, the air safety/air operations officer in UNIKOM would provide services to the United Nations Peacekeeping Force in Cyprus (UNFICYP) on an "as and when available" basis and that travel and daily subsistence allowance would be reimbursable. The Committee was informed that, thus far, the services of the air safety/air operations officer have been provided to UNFICYP by the United Nations Interim Force in Lebanon (UNIFIL), also on a reimbursable basis.

15. Naval operations are included for the first time in the UNIKOM cost estimates. The Advisory Committee notes from paragraph 25 and paragraphs 12 and 13 of annex I.C of the Secretary-General's report, that UNIKOM will have four patrol boats provided by the Government of Kuwait at no cost to the United Nations. The Advisory Committee was also informed that the Bangladesh battalion of UNIKOM will provide a boat crew within its existing strength. Other resource requirements included in the proposed 1999–2000 budget in connection with this activity cover the cost of initial inspection tests, maintenance and fuel costs and war risk insurance coverage.

16. While the Advisory Committee appreciates and welcomes the use of past experience as the basis for some of the estimates, as reflected in annex II.A of the Secretary-General's report, the Committee is of the opinion that the increases/decreases should have been better explained and cross-referenced in the report. For example, the decreased requirements for military personnel costs and the increased requirements for contractual services could have been better explained. The Committee's understanding of the increase in generator fuel costs from $6,000 under the "previous submission" column to $26,855 under the proposed estimates column was only possible on the basis of the explanation in the performance report (see para. 7 above); the budget report lacks such an explanation. The Advisory Committee also found annex II.C on inventory management difficult to analyse. In some cases material has been included as currently available when it had been previously indicated that it would be replaced; in other cases, items which were supposed to have been acquired do not show in the inventory. The Advisory Committee requested additional information on these issues.

17. The action to be taken by the General Assembly is proposed in paragraph 28 of document A/53/817. Taking into account its comments and observations in the paragraphs above, the Advisory Committee recommends that the budget for UNIKOM for the period from 1 July 1999 to 30 June 2000 be approved at $50,777,800 gross ($48,782,900 net), including the amount of $32,521,900 net representing two thirds of the cost to be funded through voluntary contributions from the Government of Kuwait.

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Financing of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) contained in document A/53/783 and on the proposed budget for the 12-month period from 1 July 1999 to 30 June 2000 contained in document A/53/805. During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The United Nations Peacekeeping Force in Cyprus was established by the Security Council on 4 March 1964. From its inception until June 1993, the costs of the Force were met by Governments providing contingents, by the Government of Cyprus and by voluntary contributions to UNFICYP. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making an annual contribution of $6.5 million.

Financial performance for the period from 1 July 1997 to 30 June 1998

3. The amount approved by the General Assembly for the period from 1 July 1997 to 30 June 1998 was $48,000,800 gross ($45,877,800 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece for the maintenance of UNFICYP, and including $1,939,100 for the support account for peacekeeping operations and an amount of $1,131,000 for the cost of termination benefits for locally employed civilians relating to the period of employment after 15 June 1993. Recorded expenditures amounted to $47,822,300 gross ($45,871,500 net), resulting in unutilized resources of $178,500 gross ($6,300 net). The unencumbered balance resulted from slightly lower military personnel costs due to a lower actual number of military personnel in the mission area and lower operational costs under infrastructure repairs, transport operations and communications.

4. The Committee was also informed that the savings had accrued as a result of continued economy measures as well as control and strict monitoring of expenditures by the administration. In this connection, the Committee notes that these measures assisted UNFICYP in absorbing the cost

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($654,900) relating to its share of maintaining the United Nations Logistics Base at Brindisi. The Committee welcomes these measures and trusts that other peacekeeping missions will follow suit.

5. As indicated in paragraph 2 of annex II to the report of the Secretary-General (A/53/783), additional expenditure in respect of local staff salaries and common staff costs was incurred owing to the unforeseen retroactive increase of 12.5 per cent in local staff salaries effective from 1 January 1997 (see also A/52/860/Add.4, para. 16).

6. The Committee was informed that troop cost reimbursement up to 31 May 1998 totalled $75,744,519, while the amount owed for the period from 1 June to 31 December 1998 was $8,683,756. With regard to contingent-owned equipment, the Committee was informed that as at 31 December 1998 the amount reimbursed was $1,403,154, the estimated amount owed as at the same date was $10,826,317 and unliquidated obligations in respect of contingent-owned equipment as at 31 December 1998 amounted to $5,103,991. With regard to death and disability compensation, the Committee was informed that as at 31 December 1998 the amount paid was $214,700, 19 claims had been submitted and 3 were pending, and, also as at 31 December 1998, an amount of $900,000 had been kept as unliquidated obligations in respect of death and disability claims. The Committee was also informed that the cash position as at 31 December 1998 was $16.5 million.

7. The Committee notes from annex I to the report of the Secretary-General that an additional expenditure of $45,600 has been shown in respect of transport of contingent-owned equipment. On enquiry, the Committee was informed that this expenditure was incurred for the return shipment of contingent-owned equipment. The Committee was further informed that when troop-contributing countries required that their equipment be reshipped and returned to them, missions were obliged to do so, even if the equipment was obsolete and in a condition to be written off. The Committee recommends that the matter be negotiated with contributing countries with a view to devising a more practical and economical procedure for disposition of obsolete equipment.

8. The Committee notes from paragraph 1 of annex II to the report of the Secretary-General that additional requirements under emplacement, rotation and repatriation of troops were needed owing to the additional rotation of one contingent in accordance with national legislation for which budgetary provision had not been made. On enquiry, the Committee was informed that instead of the normal six-monthly rotation of the contingents, this particular case, because of national legislation, entails a rotation every five and a half months. That being the so, the Committee is concerned that the United Nations would have to pay for an additional rotation every fifth or sixth year. The Committee recommends that the administration look into the matter with a view to convincing the troop contributor to bear the cost of the additional rotation. In this connection, the Committee was informed that civilian police are usually rotated on an annual basis; when a country has recalled its police contingent after six months, that country has borne the additional expense.

Cost estimates for the period from 1 July 1999 to 30 June 2000

9. As indicated in paragraph 1 of the report of the Secretary-General (A/53/805), an amount of $43,631,800 gross ($41,722,300 net) has been requested for the maintenance of UNFICYP for the 12-month period from 1 July 1999 to 30 June 2000.

10. As indicated in paragraph 2 of the report, the proposed overall increase reflects a 2.12 per cent increase in military personnel costs, a 0.8 per cent increase in civilian personnel costs, offset by a decrease of 1.5 per cent in operational costs, due to lower requirements for transport operations, air operations, communications and freight.

11. With regard to local staff costs, the Advisory Committee was informed that the 1999–2000 estimates for local staff requirements were based on the assumption that local staff salaries and common staff costs will be increased by 12 per cent, as compared with the current financial period. This assumption was made following (a) an original underestimation of local staff costs and (b) a 12.5 per cent increase in local staff emoluments as of 1 January 1997. However, based on the results of the latest local salary survey, which were not available at the time of the budget preparations, the actual increase of 1.6 per cent became effective on 1 October 1998. On that basis, the proposed provision of $4,278,500 for local staff salaries can be reduced by $501,200 to $3,777,300 and the proposed provision of $1,505,000 for local staff common staff costs can be reduced by $42,300 to $1,462,700. Concomitantly, the provision of $21,300 for overtime (0.5 per cent of the local staff salary) can be reduced by $2,400 to $18,900 and provision for local staff assessment of $1,109,400 can be reduced by $171,000 to $938,400. Total proposed reductions amount to $716,900.

12. The Committee notes from paragraph 22 of the report of the Secretary-General that "a further review during the past six months has focused on bringing UNFICYP into line with the approaches in more recently established

peacekeeping missions". The Committee welcomes this review and the related efficiencies to be achieved by integrating civilian and military personnel in terms of sharing responsibilities and decision-making, initiating more transparency and better financial control. In this connection, it is proposed that the existing UNFICYP Humanitarian Branch be reorganized into a Civil Affairs Branch to be headed by a newly established post of Chief at the P-4 level, assisted by a newly established post of Civilian Affairs Officer at the P-3 level. Job descriptions for these new posts are provided in annex II.D to the report of the Secretary-General.

13. For reasons given in paragraph 24 of the report, an additional civil engineer post at the P-3 level with responsibility for engineering, buildings maintenance and trades and crafts facilities has been proposed. The job description for this post has been provided in annex II.D to the report. The request for these three new posts is offset by the abolition of three international General Service posts and six Local level posts. The Committee recommends acceptance of the Secretary-General's proposals regarding posts for UNFICYP.

14. Another factor affecting the budget estimates is the requirement arising from the need to repair and modernize infrastructure such as premises. The Committee notes from paragraph 7 of annex I.C to the report of the Secretary-General that some of the installations are over 40 years old and that special works are required to bring them up to acceptable safety and operational standards. In this connection, the Committee also notes from paragraph 17 of annex I.C that bedding and furniture replacement is proposed as well as replacement of fire-fighting equipment that has become obsolete. The Committee was informed that a phased approach for a period of three to four years would be used for replacement.

15. The Committee notes from annex I.A and paragraphs 19 and 20 of the report of the Secretary-General, that an amount of $1,288,800 has been shown for reimbursement of contingent-owned equipment. The Committee requested additional clarification on the method of reimbursement — that is, whether the old or the new method was being used in each case — and the number of countries using each method. The Committee was informed that at the request of the troop contributors concerned, the old reimbursement system was being used for payments of contingent-owned equipment costs to the Governments of Austria, Hungary and Ireland. The new reimbursement system arrangements were in place with regard to the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland. The Committee trusts that a timetable for the introduction of the new system will be formulated.

16. With regard to transport operations, the Committee notes from paragraph 9 of annex I.C of the report of the Secretary-General that UNFICYP has a total vehicle fleet of 349, including 214 rentals and 61 United Nations-owned and 74 contingent-owned vehicles. On enquiry, the Committee was informed that after a review of various options, UNFICYP had confirmed that it was more cost-effective to lease some vehicles than to operate an entirely United Nations-owned fleet since the mission did not have its own infrastructure to manage a mission-owned fleet. Should a leased vehicle be out of commission, it would immediately be replaced by the contractor. Heavy duty vehicles, on the other hand, had to be purchased since it was not possible to rent them locally.

17. The Committee notes from the response provided in paragraph 3 of annex III to the report of the Secretary-General that air safety services would be provided on a cost-sharing basis by the air safety officer of the United Nations Iraq-Kuwait Observation Mission (UNIKOM). On enquiry, the Committee was informed that air safety services had thus far been provided by the air safety officer of the United Nations Interim Force in Lebanon and once the air safety officer post in UNIKOM had been established, these services would be provided to UNFICYP by either of the two officers. UNFICYP would be responsible for payment of the daily subsistence allowance and travel costs only.

18. With regard to helicopter operations, the Committee recalls that in response to the comment from the Office of Internal Oversight Services in its report (A/53/428, annex) that "the mission could not demonstrate that the provision of two helicopters under a Letter of Assist with a Government was the only viable and cost-effective option", the mission had determined that "use of a commercial option would place unacceptable restrictions on its ability to operate" (para. 18). On enquiry, the Committee was informed that the subject would be reviewed when the existing Letter of Assist arrangement expired. The Committee points out that services obtained under a Letter of Assist can be more expensive. Taking into account the inherent operational and political constraints that may be experienced in the mission area, the Committee requests that the administration review the matter and report thereon in the context of the next budget submission.

19. The Committee welcomes the action under way to implement the recommendations of the Committee and the Board of Auditors, as indicated in annexes III and IV of the report of the Secretary-General. With regard to outsourcing

of support functions, as recommended by the Committee (A/52/860/Add.4, para. 19) and by the Office of the Internal Oversight Services (A/53/428, para. 17), the Committee notes UNFICYP's response, especially in regard to its conducting of market surveys for outsourcing catering and janitorial services, the results of which would be finalized by the end of June 1999. In this connection, the Committee points out that the implications of this move on labour relations in the mission area would need to be examined.

20. The Committee had stated that organizations seeking the help of UNFICYP should reimburse UNFICYP (A/51/851, para. 40). The Committee notes the information regarding assistance provided by UNFICYP to the World Health Organization, the Office of the United Nations High Commissioner for Refugees and the United Nations Volunteers programme and the analysis being undertaken in this regard (A/53/805, annex III, para. 3). In this connection, the Committee reiterates its recommendation that care should be taken to avoid the establishment of elaborate and costly recovery methods which might not be commensurate with the amounts to be recovered. The Committee trusts that the results of the analysis will be reported in the context of the next budget and that reimbursements received should be reflected in annex I to the budget.

21. Taking into account its comments and observations in the paragraphs above (in particular para. 11), the Committee recommends that $42,914,900 gross ($41,176,400 net) be approved for the maintenance of UNFICYP for the 12-month period beginning on 1 July 1999.

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Financing of the United Nations Observer Mission in Georgia

Financing of the United Nations Observer Mission in Georgia

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 1997 to 30 June 1998 (A/53/821) and the proposed budget for the maintenance of UNOMIG for the period from 1 July 1999 to 30 June 2000 (A/53/844). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

Financial performance report for the period from 1 July 1997 to 30 June 1998

2. The General Assembly, in its resolution 51/236 of 13 June 1997, appropriated an amount of $18,580,500 gross ($17,582,100 net) for UNOMIG for the period from 1 July 1997 to 30 June 1998, inclusive of $765,300 for the support account for peacekeeping operations. Furthermore, as indicated in paragraph 5 of the financial performance report (A/53/821), in order to improve the safety of Mission personnel and create conditions for the effective performance of its mandate, in a letter from its Chairman dated 11 December 1997, the Committee concurred with the request for commitment authority in an amount of $1,653,600 to cover the acquisition and operating costs of 15 armoured vehicles and one ambulance.

3. The Committee notes from paragraph 8 of the report that the Mission continued to operate in a very unstable security environment. Many incidents, as highlighted in the reports of the Secretary-General to the Security Council (see S/1998/375, S/1998/497 and S/1998/647), have had negative effects on the ability of UNOMIG to carry out its mandate. Patrolling was stopped for a period, team bases were closed and the rotation of military observers was suspended. Subsequently, steps were taken to strengthen security, introducing patrols in pairs and escort by armoured vehicles.

4. Expenditures for the period totalled $18,870,700 gross ($18,067,300 net), excluding budgeted voluntary contributions in kind in the amount of $2,057,600, resulting in an overexpenditure of $290,200 gross ($485,200 net). The Committee was provided, upon request, with an explanation as to why the net amount is higher than the gross amount in the report (see the annex to the present report). As shown in annex I to the report, overexpenditures were incurred mainly under premises/accommodations, transport operations, other equipment, air and surface freight and the Mission's share of the maintenance costs for the United Nations Logistics Base at Brindisi, partially covered by underexpenditures under military observers and contingents, international and

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local staff salaries, infrastructure repairs, air operations, communications, supplies and services and public information programmes. The Committee was provided with a detailed breakdown of the various expenditure categories contained in annex I of the report.

5. The Committee notes from the additional information provided that the overexpenditure under transport operations of $1,565,400 resulted from the purchase of 15 armoured vehicles ($1,430,900) not foreseen at the time of the budget preparation (see para. 2 above), higher costs for workshop equipment ($8,000), spare parts, repairs and maintenance ($168,200) and vehicle insurance ($3,000), partially offset by lower costs in rental of vehicles ($2,400) charged to miscellaneous services and savings in petrol, oil and lubricants ($42,300) owing to the suspension of patrols.

6. In paragraph 14 of the report the action to be taken by the General Assembly in connection with the financing of UNOMIG is set out. For the period from 1 July 1997 to 30 June 1998, the Committee recommends that the overexpenditure of $290,200 gross ($485,200 net) be appropriated. However, the Committee sees no need for additional assessment at this stage as it expects that the requirement should be absorbed within the resources approved for appropriation and assessment by the General Assembly in its resolution 52/242 of 26 June 1998 for the maintenance of the Mission for the 12-month period from 1 July 1998 to 30 June 1999.

7. As regards reimbursement for contingent-owned equipment, the Committee was informed that, as at 31 December 1998, the estimated amount owed was $282,610, and unliquidated obligations for contingent-owned equipment amounted to $120,100. For death and disability compensation, two claims paid amounted to $52,754, and unliquidated obligations for four pending claims amounted to $141,379. As indicated in paragraph 15 of the proposed budget report (A/53/844), the contributing Government has indicated its intentions to remain under the old methodology for reimbursement of contingent-owned equipment.

8. As at 31 December 1998, the cash position of UNOMIG amounted to $2.5 million and there was a current loan from the United Nations Mission in Haiti (UNMIH) of $2 million. Assessments amounted to $77.2 million, payments received totalled $68.8 million and amounts outstanding were at $8.4 million. Total unliquidated obligations for the period from 1 July 1997 to 30 June 1998 were $3.1 million as at 31 December 1998. The Committee was informed that since the cash resources in the UNOMIG Special Account have been exhausted due to unpaid assessments, it was necessary to borrow $2 million from UNMIH, a completed Mission, to meet the current operating costs of UNOMIG. The loan will be repaid as soon as sufficient payments of assessed contributions are received.

Cost estimates for the period from 1 July 1999 to 30 June 2000

9. As indicated in the proposed budget report of the Secretary-General of 25 February 1999 (A/53/844, paras. 1 and 2 and annex I), the cost estimates proposed for the maintenance of UNOMIG for the period from 1 July 1999 to 30 June 2000 amount to $29,156,400 gross ($27,661,200 net). The estimated requirements increased in the amount of $10,707,000 gross ($10,198,500 net) as compared with requirements of $18,449,400 gross ($17,462,700 net) for the current period from 1 July 1998 to 30 June 1999. No provision for budgeted voluntary contributions in kind is shown for the period from 1 July 1999 to 30 June 2000, as compared to budgeted voluntary contributions in kind estimated at $1,147,000 for the previous period; the aircraft that had been provided by a Government to the Mission as a budgeted voluntary contribution in kind was withdrawn, effective 31 December 1998.

10. The military personnel cost of $5,220,100 includes provision for 135 military observers. Civilian personnel costs amount to $12,526,300 for staffing requirements of 228 posts. These include an authorized civilian staff of 157 (62 international and 95 local) and a proposed increase of 71 posts in the civilian component of the Mission (27 international and 44 local), including the upgrading of one P-5 level post to the D-1 level (A/53/844, paras. 7 and 20). The Committee notes that Professional and Field Service staff salaries have been adjusted to take into account non-entitlement to post adjustment for 25 per cent of the staff who are classified as mission appointees (A/53/844, annex I.C, para. 5).

11. As indicated in paragraph 29 of the report, in a letter from its Chairman, dated 11 December 1998, the Committee concurred with the request to enter into commitments in the amount of $1,534,400 for additional security personnel and related logistics requirements, effective 1 January 1999. Accordingly, UNOMIG was provided with 17 international security personnel, together with 37 locally recruited security personnel under general temporary assistance. These posts are incorporated in the UNOMIG staffing proposal for the period from 1 July 1999 to 30 June 2000.

12. Provision for the operational costs of the Mission amount to $9,844,200, or a 44.9 per cent increase compared with the apportionment of $6,792,600 for the previous period (A/53/844, annex I.A). These include estimated costs for

premises/accommodation of $1,420,600 as compared with $621,400 in the previous period. As shown in annex II.A (item 13), the overall increase reflects relocation of the administrative headquarters, the establishment of a logistics base and rental of new office space in various locations.

13. As shown in annex I.A to the report, other provisions under operational costs showing large per cent increases for the period from 1 July 1999 to 30 June 2000, as compared to the apportionments for the previous period, include $405,300 for infrastructure repairs (1,251 per cent higher), $2,994,200 for transport operations (108.6 per cent higher), $2,990,200 for air operations (47.9 per cent higher), $822,000 for communications (63.2 per cent higher) and $329,600 for air and surface freight (219.4 per cent higher).

14. Resources for infrastructure repairs are requested to repair patrol routes used routinely by the Mission, minimizing the risks from landmines, which are frequently concealed inside potholes. Resources for transport operations provide for replacement of 53 vehicles, including 13 armoured vehicles. At present, the Mission has only one helicopter and demand for its use far exceeds its capacity to provide required services, such as emergency evacuation, patrolling and administrative support. UNOMIG's air operations will be strengthened by the provision of two helicopters. In addition, provision under air operations includes resources to replace a fixed-wing aircraft. The requirements under communications include 40 global positioning systems for vehicles, necessitated by the existing security conditions in the mission area (A/53844, paras. 8–12 and annex II.C).

15. The Committee notes from paragraph 13 of the report that UNOMIG would establish an Engineering Section, relying on locally recruited staff to carry out renovation projects and maintenance services and repairs, as no international contractors are willing to come into the mission area due to the security situation.

16. With regard to the action to be taken by the General Assembly at its fifty-third session, the Committee agrees with the proposal of the Secretary-General, as indicated in paragraph 41 of his report, and recommends the appropriation of the amount of $29,156,400 gross ($27,661,200 net) for the 12-month period from 1 July 1999 to 30 June 2000 and the assessment of this amount at the monthly rate of $2,429,700 gross ($2,305,100 net) should the Security Council decide to continue the mandate of the Mission beyond 31 July 1999.

Annex

Why the net amount is higher than the gross amount in the performance report

Most performance reports reflect an unencumbered balance due to the fact that expenditures are less than the appropriation provided by the General Assembly. In this case, and if expenditures for staff assessment are also less than the amount appropriated, the gross unencumbered balance will be higher than the net unencumbered balance. Savings arising from lower expenditures for staff assessment result in reduced income from staff assessment. The addition of the gross unencumbered balance and the income from staff assessment variance amount results in the [lower] net unencumbered balance.

With respect to the current UNOMIG performance report, total expenditures were higher than the appropriation, resulting in an overrun rather than an unencumbered balance. However, there was no overrun incurred for staff assessment. In this case, when the income from staff assessment variance is added to the gross overrun, the resulting net overrun is higher than the gross overrun.

Simply stated, when there is an unencumbered balance, the addition of a positive amount (the gross unencumbered balance) and a negative amount (the income from staff assessment variance), the result will be a lower net unencumbered balance. When there is an overrun, the addition of two negative amounts (the gross overrun and the income from staff assessment variance), the result will be a higher net overrun.

For comparison purposes, gross and net variances for the period from 1 July 1996 to 30 June 1997 and from 1 July 1997 to 30 June 1998 are shown in the table below.

United Nations Observer Mission in Georgia performance reports

(United States dollars)

	1996/97			*1997/98*		
	Gross	*Net*	*Variance*	*Gross*	*Net*	*Variance*
Appropriation	17 089 600	16 023 400	1 066 200	18 580 500	17 582 100	998 400
Expenditure	15 937 000	15 141 400	795 600	18 870 700	18 067 300	803 400
Variance	1 152 600	882 000	270 600	(290 200)	(485 200)	195 000

	Staff assessment	*Income from staff assessment*	*Staff assessment*	*Income from staff assessment*
Appropriation	1 066 200	(1 066 200)	998 400	(998 400)
Expenditure	795 600	(795 600)	803 400	(803 400)
Variance	270 600	(270 600)	195 000	(195 000)

1 July 1996 to 30 June 1997

Gross unencumbered balance	1 152 600
Income from staff assessment variance	(270 600)
Net unencumbered balance	882 000

1 July 1997 to 30 June 1998

Gross overrun	(290 200)
Income from staff assessment variance	(195 000)
Net overrun	(485 200)

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Financing of the United Nations Mission of Observers in Tajikistan

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Mission of Observers in Tajikistan (UNMOT) for the period from 1 July 1997 to 30 June 1998 (A/53/784), and on the proposed budget of the Mission for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/816). During its consideration of the reports, the Committee met with representatives of the Secretary-General and the Chief Administrative Officer of the Mission, who provided additional information.

2. The United Nations Mission of Observers in Tajikistan was established by the Security Council in its resolution 968 (1994) of 16 December 1994 for an initial period of six months. Since then, its mandate has been extended by the Security Council in various resolutions, and its expansion was authorized in resolution 1138 (1997) of 14 November 1997. By resolution 1206 (1998) of 12 November 1998, the Council further extended the mandate of the Mission until 15 May 1999.

3. As indicated in section V.A of document A/53/816, total resources made available to UNMOT from inception to 30 June 1999, amount to $57,184,837 gross, subject to the extension of the mandate by the Security Council beyond 15 May 1999. Expenditures are estimated at $49,904,237 gross. The Committee was further informed that, as of 31 December 1998, amounts totalling $46.4 million had been assessed on Member States, while payments received totalled $34.9 million, leaving a shortfall of $11.5 million. Furthermore, cash balances as of 31 December 1998 amounted to $8.9 million.

4. Since the authorized strength of UNMOT consists of military observers and civilian police, the Committee notes that there is no reimbursement for troop costs.

5. Voluntary contributions received, as indicated in Section V.B of document A/53/816, from inception to 30 June 1998, include $70,537 in medical supplies from the Government of Switzerland and $1,340,000 in rations for former combatants provided by the Government of the United States of America. The trust fund for the support of public information and related efforts in the United Nations peacekeeping operations shows expenditures of $1,565 from the period from 1 July 1998 to 30 June 1999.

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Financial performance report for the period from 1 July 1997 to 30 June 1998

6. The report of the Secretary-General (A/53/784) contains information on the financial performance of UNMOT for the period from 1 July 1997 to 30 June 1998 and outlines the action to be taken by the General Assembly at its fifty-third session in connection with the Mission.

7. In the report of the Secretary-General, it is indicated that out of the total appropriation of $15,000,000 gross ($14,335,000 net) provided for UNMOT by the General Assembly in its resolutions 51/237 of 13 June 1997 and 52/229 A of 31 March 1998 for the period from 1 July 1997 to 30 June 1998, expenditures amounted to $13,931,600 gross ($13,626,600 net), including a budgeted voluntary contribution in kind of $1,340,000. The resulting unencumbered balance amounts to $2,408,400 gross ($2,048,400 net).

8. The Committee notes that this balance resulted mostly from the delayed deployment of civilian staff, lower than projected utilization of aircraft and the receipt of an unanticipated budgeted voluntary contribution in kind in respect of rations amounting to $1,340,000. These savings were partially offset by additional requirements under the disarmament and demobilization programme and the absorption of UNMOT's prorated share for the cost of maintaining the United Nations Logistics Base at Brindisi. The Committee was further informed, upon inquiry, that as of 31 December 1998 the unliquidated obligations for the reporting period amounted to $3.5 million.

9. In paragraph 11 of the Secretary-General's report, it is indicated that the peace process was disrupted by violence during the reporting period, making progress slow during the period of expansion, which started in mid-November 1997, and resulting in the delay of deployment of additional military and civilian staff. The Committee further notes that out of a budgeted provision of $4,513,700 under civilian personnel costs, there are savings of $528,100, as indicated in annex I to the Secretary-General's report. The unutilized balance resulted from the high vacancy rate associated with the delayed deployment of civilian staff during the expansion period, which averaged 52 per cent for international staff and 55 per cent for local staff after 16 November 1997.

10. The Committee sought clarification in connection with the amount provided under staff assessment of $305,000. The Committee was subsequently informed that due to miscoding between object codes falling under the object grouping of civilian personnel, UNMOT's staff assessment expenditure had been understated by $181,000. The Committee notes that, on that basis, expenditure under staff assessment should have read $486,000 instead of $305,000 as shown in table 1 and annex I to the report (A/53/784). The Committee was also informed that this would not change the unencumbered balance for the period from 1 July 1997 to 30 June 1998, since the difference would be reflected and adjusted in the performance report for the period from 1 July 1998 to 30 June 1999.

11. The slow progress of the peace process has also affected the use of aircraft. As a result, savings of $409,700 out of a budgeted provision of $1,798,300 are reported under air operations, resulting from reduced requirements, as indicated in annex II to the report of the Secretary-General. Transport operations also show an unutilized balance of $68,700, mainly attributable, as indicated in annex II, to savings under purchase of vehicles, resulting from lower than budgeted unit costs of vehicles purchased, under a newly negotiated system-wide contract ($11,300 versus $18,700 per unit). Furthermore, upon inquiry, the Committee was provided additional information indicating that although an amount of $1,596,700 was apportioned for the purchase of vehicles, total expenditures amounted to $1,407,600. However, these savings were offset by over-expenditures of $144,600 under spare parts, repairs and maintenance due to the fact that spare parts were not included in the package negotiated for the new vehicles. The Committee recommends that the Secretariat look into the possibility of negotiating bulk purchases of spare parts as the next step in its recent system-wide contract for the purchase of vehicles. In this regard, the Committee was informed that in the case of Tajikistan in particular, there are virtually no supplies available locally, necessitating procurement from outside the mission area, thus increasing the costs involved.

12. The Committee also notes an over-expenditure of $315,800 under assistance for disarmament and demobilization. As indicated in annex II, paragraph 14, to the report of the Secretary-General, a provision of $1,713,100 had been made for rations and miscellaneous services for former combatants of the United Tajik Opposition (UTO) and for personnel of the Joint Security Unit. The voluntary contribution made by a Member State for the former UTO combatants only, mentioned in paragraph 5 above, offsets the provision of $1,340,000 made in the budget for this purpose. Upon inquiry, the Committee was informed that the additional requirements reported included $110,900 to provide bedding to those former combatants who had to remain in the assembly areas; $189,200 related to rations for the personnel of the Joint Security Unit; and $15,700 for transporting the donated rations for which no budgetary provision had been made.

13. In paragraph 15 of the Secretary-General's report (A/53/784), it is indicated that the action to be taken by the General Assembly, at its fifty-third session, in connection with the financing of UNMOT is a decision on the treatment of the unencumbered balance of $2,408,400 gross ($2,048,400 net) for the period from 1 July 1997 to 30 June 1998. The Committee recommends that the unencumbered balance be credited to Member States in a manner to be determined by the General Assembly.

Proposed budget for the period from 1 July 1999 to 30 June 2000

14. The proposed budget of UNMOT for the period from 1 July 1999 to 30 June 2000 contained in the report of the Secretary-General (A/53/816) amounts to $19,109,400 gross ($17,739,400 net). This estimate reflects a decrease of $475,500 in gross terms, or 2 per cent, when compared with the previous 12-month period.

15. Although the authorized strength of UNMOT remains at 120 military observers, the Committee notes that budgetary provision is made for 50 military observers for the period from 1 July 1999 to 30 June 2000, and that the number of civilian police is increased from 2 to 12. The decrease in military personnel costs is 30 per cent in relation to the previous budgetary period. The cost estimates also provide for a staffing complement of 218 (69 international staff, 143 local staff and 6 United Nations Volunteers), which includes 6 new United Nations Volunteers posts for civil affairs officers, and one new P-2 post to support public information activities. Furthermore, the requirements have been prepared on the basis of five team sites, as indicated in paragraph 7 of the Secretary General's report.

16. In paragraph 31 of his report to the Security Council of 3 November 1998 (S/1998/1029), the Secretary-General indicated that, bearing in mind the constraints imposed by the security situation, the strength of the military component would be maintained at 30 and that the matter would be kept under review in order to make adjustments, depending on developments. The Committee was informed by the representatives of the Secretary-General of the difficulties in forecasting the conditions that will prevail in the country during the budgeted period and, while building up to the full strength of 120 is unlikely, it is desirable for UNMOT to redeploy to the field and, for this purpose, provision is made for 50 military observers in the proposed budget. Hence the request without a vacancy factor.

17. Upon inquiry, however, the Committee was informed that, as of 31 January 1999, there were 31 military observers on board out of the 120 authorized and 58 budgeted for the period from 1 July 1998 to 30 June 1999; 2 civilian police out of 2 authorized; and that of the 68 international and 143 local staff authorized, 44 and 110, respectively, were on board. The Committee was further informed that, during the past three financial periods, UNMOT has only achieved full deployment during the period from 1 July 1995 to 28 February 1996, and nearly full deployment in the period from 1 July to 15 November 1997.

18. In the opinion of the Committee, the uncertainty with regard to requirements for the period 1 July 1999–30 June 2000 is underlined in the Secretary-General's report to the Security Council of 8 February 1999 (S/1999/124), which indicates that the security situation in Tajikistan continues to be "precarious" and that the peace process has been further slowed, leaving a great deal remaining to be done; furthermore, the first two stages foreseen in the protocol on military issues have not been completed and the extended debate of constitutional issues in the Commission on National Reconciliation is still ongoing; in addition, at the present stage "the holding of the constitutional referendum, as well as presidential and parliamentary elections, all to be held in 1999, remains uncertain" (S/1999/124, paras. 22-24). It would seem, therefore, that a number of the estimates contained in the Secretary-General's report (A/53/816) could be affected by developments in the mission area.

19. The Committee also points out that there are 14 mission appointees, representing 20 per cent of the international staff. The cost of post-adjustment of these staff, which amounts to $447,600, can therefore be reduced from the original estimate of $4,780,500 under international staff salaries. The Committee also points out that the provision for staff requirements is budgeted on the basis of full incumbency, and does not take into account the current or past vacancy pattern. Under the circumstances, the Committee recommends a 10 per cent vacancy factor for all categories of staff. Application of a 10 per cent vacancy factor to international and local staff costs would involve a reduction of $1,513,600 gross ($1,376,600 net) in the estimates. The information provided in this regard is contained in the annex to the present report.

20. The estimate under air operations of $2,295,200 reflects a decrease of $239,700 when compared with the estimate for the current budget period (1 July 1998–30 June 1999), resulting mostly from the reduction in the number of helicopters from 2 to 1, partly offset by an increase in the hire/charter cost of the fixed-wing aircraft from $148,500 to $209,000 per quarter on the basis of the current contract.

21. The Committee notes the increase in the provision for public information programmes, indicated in annex I, from

$90,500 for the period from 1 July 1998 to 30 June 1999, to $142,100 for the period from 1 July 1999 to 30 June 2000, to cover public information programme costs of the mission, including acquisition of equipment, material and supplies, as well as the cost of public information production and contractual services.

22. Paragraph 19 of document A/53/816 outlines the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNMOT. The Secretary-General recommends that the General Assembly appropriate the amount of $19,109,400 gross ($17,739,400 net) for the period from 1 July 1999 to 30 June 2000, to be assessed at the monthly rate of $1,592,450 gross ($1,478,283 net), subject to the extension of the mandate of UNMOT by the Security Council beyond 15 May 1999.

23. In view of the comments made in paragraph 19 above concerning the vacancy rate in UNMOT, and the reduction under international staff salaries resulting from the presence of mission appointees, the Committee recommends that the appropriation proposed by the Secretary-General, indicated in paragraph 22 above, be adjusted downwards to $17,595,800 gross ($16,362,800 net).

Annex

Application of a 10 per cent vacancy factor to international and local staff costs

	(1) *Original estimate (S/53/816)*	*(2)* *Mission appointee related cost*	*(3)* *Revised estimate (1)–(2)*	*(4)* *Revised estimate with 10% vacancy factor (3) x 0.9*	*(5)* *Difference (1)–(4)*
International staff salaries	4 785.0	(447.6)	4 337.4	3 903.7	(881.3)
Local staff salaries	514.8	–	514.8	463.3	(51.5)
Common staff costs	2 517.6	–	2 517.6	2 265.8	(251.8)
Mission subsistence allowance	1 919.9	–	1 919.9	1 727.9	(192.0)
Staff assessment					
International staff	1 284.2	–	1 284.2	1 155.8	(128.4)
Local staff	85.8	–	85.8	77.2	(8.6)
Total, staff assessment	**1 370.0**	**–**	**1 370.0**	**1 233.0**	**(137.0)**
Income from staff assessment	(1 370.0)	–	(1 370.0)	(1 233.0)	137.0
Total, gross	**11 107.3**	**(447.6)**	**10 659.7**	**9 593.7**	**(1 513.6)**
Total, net	**9 737.3**	**(447.6)**	**9 289.7**	**8 360.7**	**(1 376.6)**

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Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General concerning the financial performance for the period from 1 July 1997 to 30 June 1998 of the United Nations Mission in Bosnia and Herzegovina (UNMIBH) (A/53/764 and Corr.1), including the liaison offices at Zagreb and Belgrade and the United Nations Mission of Observers in Prevlaka (UNMOP), which although an independent mission is treated as part of UNMIBH for administrative and budgetary purposes. The Committee has also considered the report of the Secretary-General concerning the proposed budget of UNMIBH for the period from 1 July 1999 to 30 June 2000 (A/53/800), including the liaison and administrative offices at Zagreb, the liaison office at Belgrade and UNMOP. During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, including the Chief Administrative Officer of UNMIBH, who provided the Committee with additional information and clarifications.

Financial performance report for the period from 1 July 1997 to 30 June 1998

2. The General Assembly, by its resolution 51/152 B of 13 June 1997, appropriated an amount of $178,880,900 gross ($170,269,700 net), inclusive of $6,880,900 for the support account for peacekeeping operations. The appropriation has been assessed on Member States. Furthermore, following the decision by the Security Council to strengthen UNMIBH by 120 civilian police, the General Assembly, by its decision 52/437 of 18 December 1997, authorized the Secretary-General to enter into commitments in an amount not to exceed $10,608,000 gross in addition to the appropriation provided for in its resolution 51/152 B. This amount has not been assessed on Member States. According to the Secretary-General, the commitment authority for the additional resources of $10.6 million gross was not utilized due to high vacancy rates for civilian staff and delays in the deployment of the additional 120 civilian police.

3. The financial performance report of UNMIBH for the period from 1 July 1997 to 30 June 1998 (A/53/764 and Corr.1) reflects expenditures in the amount of $157.1 million gross ($150.7 million net), resulting in an unencumbered balance of $21.7 million gross ($19.5 million net). According to the Secretary-General, the unencumbered balance is due mainly to the high vacancy rate for international staff (averaging some 15 per cent), the acquisition of vehicles under global purchase order, lack of helicopter operations and the availability of supplies from the UNLB and other missions.

4. The Committee was informed that unliquidated obligations, reported at $16.2 million in the Secretary-General's report, have since been reduced, as at 31 December 1998, to $7.8 million. The Committee welcomes the efforts of the Secretariat to reduce unliquidated

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obligations. At the same time, the Committee points out that there is room for improvement, particularly in obligating and liquidating of funds for commercial vendors.

5. The Committee was also informed that the total amount assessed on Member States for UNMIBH for the period from its inception on 1 January 1996 to 31 December 1998 is $411.3 million, against which the payments received amount to $341.4 million, leaving an outstanding balance of $69.9 million.

6. During the period from 1 January 1996 to 31 December 1998, nine claims under death and disability compensation (of a total of 27) had been settled for a total amount of $0.8 million, leaving the balance of unliquidated obligations under this budget line at $1.7 million.

7. As indicated in paragraph 11 (a) of document A/53/764 some steps have been taken with a view to lowering the vacancy rate for international staff. The representatives of the Secretary-General explained that these include the introduction by the Department of Peacekeeping Operations in Spring 1998 of a personnel activities report (PAR), which for planning purposes acts as an early warning of personnel departures. Utilizing standard formats transmitted electronically, each mission reports on a weekly basis on personnel policy, administration and management matters, and on a monthly basis on staffing issues requiring the attention or action by the Personnel Management and Support Service of the Field Administration and Logistics Division, which is responsible for taking necessary action for maintaining records thereon. The PAR is not computerized. However, information contained therein is entered into a peacekeeping database, including information on arrivals and departures. The PAR also allows for a monthly update of the actual priority staffing requirements of each mission (vacancy post/replacement), and provides information on vacancies reflected in the vacancy requirement list, which is updated every week.

8. The Committee exchanged views with the representatives of the Secretary-General on the delays in deployment of 120 additional police monitors. The Committee was informed of steps taken to address this problem. The Committee is of the view that, taking into account the continuing use of civilian police in peacekeeping operations, there is a need to improve current arrangements for notifying Member States about police needs for better screening, selection and training. Improvements would lead to efficiency in management of police by reducing, for example, the number of untimely repatriations even though their cost is paid or reimbursed by contributing Member States. The Committee was informed that a total of 786 repatriations of police officers from the International Police Task Force (IPTF) occurred during the financial period ending 30 June 1998.

9. The Committee notes that savings were also made due to the availability of vehicles in the United Nations surplus stock. On the other hand, some overexpenditures were recorded as a result of the purchase of equipment rather than having it transferred from the surplus stock in the United Nations Logistics Base at Brindisi (UNLB) or other missions, as originally anticipated. The Committee is of the view that problems persist concerning inventory control and management. Unless accurate data is in place on what is available in stock at the time of budget preparation, there will always be the temptation to request funds which later may not be used; alternately, unbudgeted additional resources may be spent on purchasing items which were not available for the transfer from stock as originally envisaged. The Committee was assured that once the field assets control system is installed in all missions by the end of 1999, inventory control and management should improve; the implementation of the system will not only provide the Organization with the benefits outlined in document A/51/957 but will also standardize in all field missions a year 2000-compliant programme to facilitate the management and tracking of field assets.

10. With regard to the reported savings of $478,100 under communications which resulted from sharing the cost of the transponder lease with the Stabilization Force (SFOR), the Committee was informed, upon inquiry, that the terms regulating the usage of the SFOR United Nations communications network were set out in the arrangements between the United Nations and the North Atlantic Treaty Organization for the Implementation Force (IFOR) access and use of the United Nations communications networks in former Yugoslavia, which were agreed in early 1996. UNMIBH and IFOR/SFOR share the cost of the transponder leasing. As at 30 June 1998, an amount of $1,151,400 had been billed to SFOR for its share of the cost of the transponder lease for the period from 1 July 1997 to 30 June 1998. This amount has been credited to an inter-office voucher account to offset the billing from Headquarters, and therefore does not, in the view of the Secretary-General, represent net income to UNMIBH's special account. With regard to the usage of the United Nations network, SFOR is the only entity from which reimbursement is received for the provision of these services. As at 30 June 1998, a total of $3,482,221, inclusive of 14 per cent overhead charges, has been charged to SFOR for its usage of the United Nations communications network for the period from 1 July 1997 to

30 June 1998. These amounts were credited as miscellaneous income to UNMIBH's special account.

11. The Committee was informed that savings of $40,400 were realized due to the fact that SFOR provided maps to UNMIBH, therefore almost the entire budgeted provision of $40,500 under budget line "Operational maps" remained unspent. The Committee notes, however, that annex I to the performance report does not reflect income corresponding to the value of the voluntary contribution of maps. The Committee points out that this is not consistent with the provisions of General Assembly resolution 44/192 A of 21 December 1989, paragraph 5, in which the Assembly took note of the observations and proposals of the Secretary-General on the technical guidelines relating to the treatment and valuation of voluntary contributions in the form of supplies and services, and endorsed the observations of the Committee. It is recalled that the technical guidelines provided, *inter alia*, that:

> "(a) where a voluntary contribution in kind is made as a grant in respect of supplies and services for which there is no budgetary provision, no accounting entry will be made, but the amount of the contribution will be reflected in a footnote to the financial statements; (b) for those items included in the budget, they will be recorded as income under the heading of 'voluntary contributions' at the level at which the supplies and services have been budgeted; they will be recorded in the accounts only at the time of delivery of supplies or commencement of services" (see A/44/624, annex I).

12. The Committee notes that the factors leading to savings of $1,096,200 under budget line "Premises/ accommodations" have been applied to reducing the expenditure of the current budget period from 1 July 1998 to 30 June 1999. Upon inquiry, the Committee was informed that although discussions were under way, it had not been ascertained whether the rent-free premises referred to in annex II, paragraph 7, of the performance report would be available for the financial period 1999/2000.

13. The Committee inquired into the reasons for additional expenditure of $633,300 related to the hiring of individual contractors and security officers under special service agreements (SSAs) since the performance report does not provide adequate explanation. The Committee was informed that since suitable contract cleaning companies could only be found at Banja Luka, Tuzla and Pleso, the Mission had to hire cleaners on SSAs from other locations. In addition, administrative officers were hired under SSAs in view of heavy workload or civilian vacancies. The additional requirements related to the hiring of security officers under SSAs are due to increased requirements for Mostar, Tito Barracks and UNMIBH headquarters at Sarajevo, where no suitable contracting companies were available.

14. The action to be taken by the General Assembly in connection with the financing of UNMIBH is indicated in paragraph 15 of document A/53/764. The Committee recommends that the unencumbered balance of $21,752,900 gross ($19,524,600 net) for the period from 1 July 1997 to 30 June 1998 be credited to Member States in a manner to be decided by the General Assembly.

Cost estimates for the period from 1 July 1999 to 30 June 2000

15. The proposed budget for the maintenance of UNMIBH, including UNMOP, the United Nations liaison office at Belgrade and the liaison and administrative offices at Zagreb for the period from 1 July 1999 to 30 June 2000 amounts to $168,234,000 gross ($158,196,000 net). These estimates represent a 5.7 per cent decrease ($10,246,500) in gross terms in relation to the apportionment for the current budget period ending 30 June 1999, exclusive of provision for the support account for peacekeeping operations. According to the Secretary-General, the decrease reflects mainly a 40.9 per cent reduction in military personnel costs, a 1.7 per cent reduction in civilian personnel costs, a 21.6 per cent reduction in operational costs and a 45.9 per cent reduction in other programmes.

16. The proposed staffing establishment of UNMIBH provides for 28 military observers in Prevlaka and five military liaison officers in Bosnia and Herzegovina; 2,057 civilian police in Bosnia and Herzegovina; 414 international staff; 1,437 local staff; and 8 national professional staff. Cost estimates are based on a 5 per cent vacancy factor in respect of civilian police and local staff and a 15 per cent vacancy factor in respect of international staff.

17. The Committee discussed with the representatives of the Secretary-General the issues related to the provision contained in paragraph 3 of Security Council resolution 1222 (1999) of 15 January 1999, in which the Secretary-General was requested to consider possible reductions, without prejudice to the main operational activities of UNMOP, focusing on the possibility of reducing the number of military observers to as few as 22. The Committee was informed that the Department of Peacekeeping Operations was in the course of determining the extent of the reduction and its timing; the results would be communicated to the Security Council.

18. The Committee welcomes the technical adjustments of the cost estimates aimed at more realistically reflecting past experience in budget implementation. Estimates for salaries have been calculated more accurately by taking into account non-entitlement to post adjustment for 60 per cent of professional staff as well as field service staff, who are classified as mission appointees. Similarly, common staff costs for international staff have been calculated at about 40 per cent of adjusted net salary due to the high number of mission appointees. The use of performance results has led to non-inclusion of provision for death and disability, and a reduction in costs for spare parts, repairs and maintenance, stationery, office supplies, sanitation and cleaning materials, claims and adjustments.

19. The average number of posts budgeted for the 1999/2000 financial period is reflected in part I, table 2, of the overview of the proposed budget. That table, however, is misleading since it does not reflect the proposed staffing establishment, and instead compares the average number of budgeted posts arrived at after application of certain vacancy rates, with the total number of posts as apportioned for the current financial period and authorized by the General Assembly. Accordingly, the column "Increase/decrease over 1998/99" of the table does not correctly reflect the changes in the proposed staffing requirements over the authorized level of personnel. The Committee requests that changes be made to the structure of the table so that it would show the proposed staffing requirements and the changes over the authorized level of personnel for the previous financial period.

20. The changes in the staffing requirements for the mission are summarized and explained in part VIII, paragraphs 19 to 28, of the proposed budget. A total of 176 additional posts are requested to accommodate 124 locally recruited language assistants for IPTF, 42 personnel for the judicial system assessment project, seven officers for the human rights office and one post each for the office of the Civilian Police Commissioner and the liaison offices at Belgrade and Zagreb. The increase of 176 posts is partially offset by a reduction of 21 posts due to the discontinuation of the Central Support Group, leaving a total of 155 additional posts.

21. The Committee notes that among other staffing changes is the proposal for the replacement of five General Service posts by local level posts. The Committee welcomes this proposal since it is in line with the provision contained in paragraph 8 of General Assembly resolution 52/243, in which the Secretary-General was requested to continue efforts to employ locally recruited staff for the Mission against General Service posts, as well as the Committee's observation in paragraph 38 of document A/52/860 that an effort should be made to identify which tasks in peacekeeping operations can be performed by local staff, with the realization of attendant savings, especially in long-established missions with experienced local staff.

22. The Committee was informed of the involvement of the International Civil Service Commission in reviewing the methodology for local salary surveys. According to the representatives of the Secretary-General, the sample of employers has been broadened and will include public sector employers. This is expected to result in more accurate salary estimates.

23. As indicated in annex IC, paragraph 9, of the proposed budget, the requirement for 124 additional language assistants to support activities of IPTF reflects the proposed deployment of a total of 911 language assistants for the authorized 2,057 police strength. For the reasons given in paragraph 24 of the Secretary-General's report, the Advisory Committee has no objection to the proposal for an additional 124 language assistants. The Committee points out, however, that the actual deployment of language assistants should take into account the shift from general police monitoring to the establishment of the rule of law, including the restructuring and reform of police services, referred to in paragraph 52 of the report of the Secretary-General to the Security Council (S/1998/1174).

24. That report describes in detail the role of UNMIBH and IPTF in monitoring, investigation, police restructuring and reform. The Committee requests that care be taken to ensure that all units of UNMIBH and IPTF perform their functions efficiently with due regard to the optimum use of available resources. In particular, police restructuring and reform should be carefully synchronized to ensure that resources for reform are not used for police officers who might no longer be needed after the restructuring of the units to which they belong.

25. With regard to the proposed increase of 42 posts for the judicial system assessment project, the Advisory Committee notes from paragraph 21 of the proposed budget that these tasks are currently being provided under general temporary assistance. The Committee notes that of the 26 professional positions, eight are for national professional officers who will be deployed, one each to the seven regional offices and one to headquarters. The Committee was informed that the project is a temporary one and that it might not last for more than two years. The Committee is of the view that if the project is continued, efforts should be made to increase the number of national professionals from the current eight to a larger number. Apart from the cost-

effectiveness of such a step (monthly salary and common staff costs of a national professional officer amount to $1,830 and $392, respectively), recourse to more national professionals could contribute to the enhancement of locally available professional expertise. The use of national professionals could also be explored in areas of human rights investigations. The Committee requests that experience in the use of national local professionals for the United Nations Observer Mission in El Salvador and the United Nations Human Rights Verification Mission in Guatemala be employed. The Committee has no objection to the proposed staffing requirements for the judicial system assessment project.

26. The Advisory Committee has no objection to the proposed increase of seven posts (three P-4 and four P-3) for the human rights office in view of the caseload and decertifications described in paragraphs 21 to 24 of document S/1998/1174.

27. Although the Committee has no objection to the additional P-3 post of a course developer/trainer for the office of the Civilian Police Commissioner, it stresses the need to significantly improve the procedures of screening and selecting police candidates who will better meet such basic requirements as the requisite professional police experience (which in case of UNMIBH is eight years), language proficiency and driving skills. This should contribute to a better deployment of police monitors and fewer early repatriations. The Committee recalls that the authorized strength of 2,057 police was never reached during the period ending 30 June 1998, and in the view of the Committee there were too many cases of early repatriation of police personnel (see para. 8 above).

28. As indicated in paragraph 26 of the proposed budget, an additional P-3 post is required for the liaison office at Belgrade since the current situation in Kosovo has greatly increased the demand for timely and accurate political reporting. The Committee has no objection to this proposal.

29. As indicated in paragraph 25 of the proposed budget, of the 46 posts in the UNMIBH Zagreb administrative office, a total of 21 posts will be abolished following the termination of the Support Group in October 1998, and a total of 25 posts in the area of communications, travel and traffic, aviation and building management will be retained. The Committee was informed, upon inquiry, that the administrative office provides communications services to SFOR for which it receives reimbursement, including 14 per cent overhead charges. The Committee recalls that in paragraph 9 of its report A/52/546, the question of the transfer of the communications hub from Zagreb to Brindisi, Italy, was discussed. The Committee was provided, upon request, with the following update to the role of the administrative office in providing communications support vis-à-vis the role of UNLB as a satellite communications link: the communications hub at Zagreb has been downsized into a node of the UNMIBH communications system, while the earth station at UNLB has been upgraded to two hubs. As long as there is a United Nations and a NATO/SFOR presence at Zagreb requiring communications services, there is a need for an earth station at Zagreb.

30. The Committee was informed that the need to have an administrative office located at Zagreb is attributable in part to the fact that the office provides air support to the Mission. The Committee sought clarification as to the rationale for and cost-effectiveness of providing air support from the airport at Zagreb (Pleso) rather than from UNLB at Brindisi. The Committee was informed that if the aircraft were positioned at UNLB, full commercial rates for landing, handling, parking and passenger services would be charged. Currently, reduced rates are paid at Zagreb's airport. In addition, the deployment of the aircraft requires the presence of air specialists at its deployed location. There are no such specialists at UNLB. Furthermore, due to the flying distance from UNLB to the Mission area being greater than that from Zagreb, additional costs and flying time would be incurred, a factor which would disrupt the operation of the airplane and reduce its usefulness to the Mission.

31. The Committee recommends that a review be undertaken of the need to have both liaison and administrative offices and in separate locations at Zagreb. The results of the review should be reflected in the next proposed budget for UNMIBH. Moreover, the Committee recommends that the question of a post for the head of the liaison office at Zagreb should be considered after the results of the review are reported by the Secretary-General.

32. The Committee was informed, upon inquiry, that while the budget submission included provision for the rental of the liaison office at Zagreb at a monthly cost of $5,450, the premises are provided at no charge; the cost of utilities and maintenance services are, however, paid by the United Nations.

33. Non-recurrent requirements are estimated at $9.9 million, of which $4.2 million relates to transport operation, $2.1 million to communications and $3.3 million to other equipment, including resources for computer software and hardware upgrading and replacement to address the year 2000-compliance problem. Annex II.C to the report of the Secretary-General concerning the proposed budget of UNMIBH for the period from 1 July 1999 to 30 June 2000

(A/53/800) provides details on the proposed acquisitions, including the current inventory. The Committee points out that the information on inventory is of little use since it cannot be compared with the inventory provided to the Committee for the period ended 30 June 1998. The format of the presentation of the year-end inventory is different from the format in annex II.C of document A/53/800. The Committee was informed that this is because currently there is no inventory database that can provide standard information for the purpose of inventory control, management and reporting. The Committee trusts that after the installation of FACS (see para. 9 above), information on inventory should be presented in a standard and simplified format, both in reports on budget performance and budget estimates.

34. With regard to the acquisition of vehicles, the Committee notes that the mission intends to replace 222 vehicles and purchase five trucks. The Committee was informed that the proposed replacement programme is considerably smaller than that of the two previous financial periods: 398 during 1998/1999 and 404 during 1997/1998. The Committee observes that the statement in annex I, paragraph 15, of the proposed budget (A/53/800) on the purchase of five light recovery trucks to replace the existing ex-United Nations Peace Forces (UNPF) heavy recovery trucks is not accurate. The representatives of the Secretary-General clarified that the purchase of five additional recovery trucks is intended to complement rather than replace the existing ex-UNPF heavy recovery trucks.

35. The Advisory Committee notes that a provision is made for helicopter services, which had not been made available for the mission since the helicopter crash in September 1997. The Committee recommends that the estimates for helicopter operation be reduced by 50 per cent.

36. As indicated in annex II to the proposed budget (A/53/800), the estimated requirements for medical supplies are based on current arrangements with SFOR, which provides these services to the mission. The Committee was informed that SFOR had recently indicated that the United Nations will be requested to make reimbursement for these services; consequently, any additional requirements resulting from the change in the arrangement would be reflected in the performance reports for the periods ending 30 June 1999 and 30 June 2000.

37. Paragraph 15 of document A/53/800 sets out the actions to be taken by the General Assembly in connection with the financing of UNMIBH for the 12-month period from 1 July 1999 to 30 June 2000. In view of the comments and observations made in paragraphs 31, 32 and 35 above, the Committee is of the opinion that the requirements for the period from 1 July 1999 to 30 June 2000 should not exceed $167.6 million gross.

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Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report of the Secretary-General on the United Nations Support Mission in Haiti (UNSMIH), the United Nations Transition Mission in Haiti (UNTMIH) and the United Nations Civilian Police Mission in Haiti (MIPONUH) for the period from 1 July 1997 to 30 June 1998 (A/53/769). The Committee has also considered the report of the Secretary-General on the proposed budget for the maintenance of MIPONUH for the period from 1 July 1999 to 30 November 2000 and its liquidation from 1 December 1999 to 30 June 2000 (A/53/789/Add.1). During its consideration of the reports, the Committee met with the representatives of the Secretary-General, who provided additional information.

2. The Committee exchanged views on the quality of the performance report with representatives of the Secretary-General and concluded that there was a need to improve further the monitoring of the budget implementation to make it possible to give satisfactory explanations for expenditure variances. In the opinion of the Committee, there is also a need to indicate clearly how performance results are reflected as appropriate in subsequent budget estimates. This is not clear from either the performance report (A/53/769), the revised estimates for the current period (see A/53/789) or the proposed budget for the period from 1 July 1999 to 30 June 2000 (A/53/789/Add.1). The report of the Committee on the revised estimates for the current period is contained in document A/53/846.

Financial performance report for the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

3. Pursuant to Security Council resolution 1086 (1996), and on the basis of the report of the Secretary-General of 24 March 1997 (S/1997/244), the mandate of the United Nations Support Mission in Haiti was extended for the final time until 31 July 1997. Subsequently, by its resolution 1123 (1997) of 30 July 1997, the Security Council established the United Nations Transition Mission in Haiti for a single four-month period ending on 30 November 1997 and, in its

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resolution 1141 (1997) of 28 November 1997, the Council established the United Nations Civilian Police Mission in Haiti, with a mandate limited to a single one-year period ending on 30 November 1998.

4. In its resolutions 51/15 B of 13 June 1997 and 52/246 of 26 June 1998, the General Assembly appropriated a total amount of $28,318,900 gross ($27,080,900 net) for the maintenance of UNSMIH, UNTMIH and MIPONUH for the period from 1 July 1997 to 30 June 1998; inclusive of budgeted voluntary contributions in kind totalling $2 million for two medium-utility helicopters, the total budget for the peacekeeping operations in Haiti amounted to $30,318,800 gross ($29,080,800 net) for the period from 1 July 1997 to 30 June 1998 (A/53/769, paras. 4–6).

5. Expenditures for the period from 1 July 1997 to 30 June 1998 amounted to $27,412,100 gross ($26,215,700 net) excluding budgeted voluntary contributions estimated at $2 million, resulting in an unencumbered balance of $906,800 gross ($865,200 net) or about 3 per cent of the appropriation. As shown in annex I to the report of the Secretary-General (A/53/769), the unencumbered balance resulted mainly from lower staff and operational costs, including premises/accommodation, transport operations, communications and supplies and services, as well as public information programmes. The Committee was provided with a detailed breakdown of the various expenditure categories shown in annex I to the report.

6. Underexpenditure of $536,900 under civilian personnel costs was due to reduced requirements under international and local staff ($327,300) and United Nations Volunteers ($295,700), which were partially offset by additional requirements for civilian police ($86,100) (see A/53/769, annex I). The reasons for these variances were not clearly explained in the report. Additional information provided to the Committee shows that underexpenditure of $327,300 in international and local salaries resulted mainly from underexpenditures in common staff costs ($256,200), due to lower entitlement of mission appointees and vacancy rates, and underexpenditure in local salaries ($186,400), as provisions in the revised estimates were calculated for the first six months on a gross basis rather than on a net basis. These were offset by overexpenditure in international staff salaries for non-headquarters staff, amounting to $120,800 during the period from July to December 1998.

7. The Committee notes from the additional information provided to it that several items of expenditure for the Representative of the Secretary-General appear to have incurred unexplained cost over-runs, such as the rental of his residence ($16,200), overtime payment to his driver ($9,500) and overexpenditure on the purchase of a vehicle at a cost higher than the standard cost ($8,700). In the view of the Committee, these costs should have been budgeted for. Upon inquiry, the Committee was informed that the overexpenditure on the purchase of the vehicle resulted from authorization given for local procurement, as there were no suitable vehicles available for transfer from the United Nations Logistics Base at Brindisi or from other missions. Moreover, local procurement was considered more expeditious than Headquarters procurement, as the Procurement Division had to finalize the vehicle procurement contract, and the cost of the local purchase of the vehicle was within the Mission's delegation of authority.

8. As indicated in paragraph 7 of annex II to the report, there was an unutilized balance of $355,400 under transport operations. The Committee was provided with additional information showing that underexpenditures in transport operations resulted mainly from savings in spare parts, repairs, maintenance ($183,000), rental of vehicles ($99,000), petrol, oil and lubricants ($53,300) and vehicle insurance ($28,800). Spare parts were salvaged from 194 vehicles that were written off and cannibalized, thus reducing the need to purchase spare parts. Underexpenditure for rental of vehicles resulted from funds not obligated to cover all requirements in this period. Savings in petrol, oil and lubricants resulted from lower utilization than initially planned, and underexpenditure in vehicle insurance resulted from having reported the insurance coverage for January–March 1998 in the expenditures for December 1997.

9. With regard to the treatment of the unencumbered balance of $906,800 gross ($865,200 net) for the period from 1 July 1997 to 30 June 1998, the Committee recommends that it be credited to Member States in a manner to be determined by the General Assembly. Furthermore, it recommends that the special arrangements with regard to the application of article IV of the financial regulations of the United Nations, approved for UNSMIH in General Assembly resolution 51/15 B, be applied to UNTMIH and MIPONUH, as proposed in the report of the Secretary-General (A/53/769, para. 7).

10. With regard to the status of reimbursement to Member States contributing contingents, the Committee was informed that, as at 31 January 1998, $8,020,576 had been reimbursed for UNSMIH/UNTMIH troops and, as at 31 May 1998, $837,885 for the MIPONUH formed unit (see para. 15 below). Amounts owed from 1 June to 31 December 1998 total $1,109,266 for the MIPONUH formed unit.

11. As regards reimbursement for contingent-owned equipment (self-sustainment), as at 31 December 1998, amounts reimbursed were $4,395,600 for UNSMIH/UNTMIH and $11,687 for MIPONUH, and the estimated amounts owed were $70,929 for UNSMIH/UNTMIH and $21,114 for MIPONUH. Unliquidated obligations for contingent-owned equipment amounted to $47,549 for UNSMIH/UNTMIH.

12. As at 31 December 1998 the cash position of UNSMIH/UNTMIH and MIPONUH was $14.1 million, amounts assessed totalled $89.9 million, payments received amounted to $71.9 million and amounts outstanding totalled $18 million. Total unliquidated obligations for the period from 1 July 1998 to 30 June 1999 were $2.4 million, as at 31 December 1998.

Cost estimates for the United Nations Civilian Police Mission in Haiti for the period from 1 July 1999 to 30 June 2000

13. The estimated requirements for the maintenance of MIPONUH for the period from 1 July to 30 November 1999 and its liquidation from 1 December 1999 to 30 June 2000 amount to $19,246,400 gross ($18,223,200 net), including budgetary voluntary contributions in kind amounting to $1,714,200 (see A/53/789/Add.1, paras. 1 and 2). Thus, the total amount requested for appropriation is $17,532,200 gross ($16,509,000 net).

14. The Committee was provided with detailed information on the requirements for the maintenance of MIPONUH for the period from 1 July to 30 November 1999, amounting to $12,265,200 gross ($11,581,200 net), and for the liquidation of the Mission for the period from 1 December 1999 to 30 June 2000 in the amount of $6,981,200 gross ($6,642,000 net).

15. The Mission will maintain its current strength of 300 civilian police monitors to be supported by 74 international staff, 133 local staff and 17 United Nations Volunteers. The civilian police force of 300 monitors includes a special police "formed unit", consisting of a 90-person rapid reaction unit deployed with its own 50-person support group (A/53/789/Add.1), para. 8; see also S/1998/1064, para. 8). It is anticipated that all 300 civilian police will be repatriated by 31 December 1999. The Committee was informed that, under the agreement between the United Nations and the Government contributing the formed unit, the unit is treated for reimbursement purposes as a contingent, but that no provision is made for contingent-owned equipment. Provision of $15,900 is made under military personnel costs for reimbursement for medical services provided under self-sustainment for the formed unit.

16. The estimated requirements of $19,246,400 for the period from 1 July 1999 to 30 June 2000 are $864,800, or about 5 per cent higher than the initial apportionment of $18,381,600 for the current period (1 July 1998 to 30 June 1999), excluding provisions for the support account for peacekeeping operations and for the United Nations Logistics Base at Brindisi but including budgeted voluntary contributions for air operations (see A/53/789/Add.1, para. 2 and annex I.A). Table 1 of the report shows percentage increases in major expenditure categories of the budget for the period from 1 July 1999 to 30 June 2000, as compared to apportionments for the current period.

17. The Committee notes that the cost estimates for the period from 1 July 1999 to 30 June 2000 are higher than the apportionment for 1998–1999, which was also based on maintenance of MIPONUH for five months and its liquidation thereafter, owing to the increase in local salaries that became effective on 1 June 1998 and the inclusion of one additional General Service post for the four-month liquidation phase in New York (see A/53/789/Add.1, annex I.C, paras. 5–6). For the maintenance of the Mission for the period from 1 July to 30 November 1999, there are no changes in staffing requirements (A/53/789/Add.1, para. 14). The Committee recalls that in the past it has stressed the importance of retaining experienced staff for liquidation. The Committee has no objection to the staffing proposal.

18. Provision for other travel costs amounts to $43,700 (see A/53/789/Add.1, annex II.A). The Committee notes that the cost estimates for travel between Headquarters and the mission area are $16,600, in addition to internal audit travel ($5,600) and travel by the Representative of the Secretary-General ($5,000). As indicated in its report on the revised estimates (A/53/846, para.10), the Committee is concerned about the apparent excessive increase in travel between Headquarters and the mission area.

19. Non-recurrent costs are estimated at $1,882,500, the details of which are given in annex II.C to the report. The bulk of the request is for refurbishing transport equipment ($26,100), communications equipment ($525,000) and other equipment ($59,000) at the United Nations Logistics Base at Brindisi and for shipment to the Base ($1 million). The Committee recalls that policies governing the transfer of equipment to Brindisi and refurbishing both at source and destination have been enunciated in reports of the Secretary-General on the management of peacekeeping assets (A/49/936, A/50/907 and A/50/965). Furthermore, in his report, on the financing of the Base, the Secretary-General

proposed that future liquidation budgets would include a provision to cover this work, equal to 30 per cent of the total depreciated value of the equipment to be transferred to the Base (A/51/905, para. 20). This proposal was approved by the General Assembly in its resolution 52/1 B of 26 June 1998. Upon inquiry, the Committee was informed that provision has been made in the MIPONUH budget for the refurbishing of communications and other equipment in the amounts of $525,000 and $59,000, based on 30 per cent of the residual values of $1,750,000 and $196,667, respectively. Since the 87 vehicles to be sent to Brindisi will be less than one year old, provision for refurbishing has been made at the reduced rate of $300 per vehicle. In this connection, the Committee has stressed the importance of ensuring at all times that the transferred equipment should be usable and that the transfer be cost-effective.

20. Annex III to the report shows the implementation of previous recommendations of the Board of Auditors and the Office of Internal Oversight Services. The Committee sought information on progress on the recommendation of the auditors that the Mission seek reimbursement costs from Governments for early repatriation of civilian monitors who did not meet required standards. The Committee was informed that the Mission has charged the travel expenses to United Nations Headquarters and that recovery letters to be sent to the Permanent Missions concerned are being processed.

21. The Committee recommends that the General Assembly at its fifty-third session approve the proposed appropriation and assessment of the amount of $17,532,200 gross ($16,509,000 net) for the maintenance and liquidation of the Mission for the 12-month period from 1 July 1999 to 30 June 2000 (see A/53/789/Add.1, para. 21).

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Financing of the United Nations Logistics Base at Brindisi

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General containing the financial performance report for the United Nations Logistics Base at Brindisi, Italy, for the period from 1 July 1997 to 30 June 1998 (A/53/776) and the proposed budget for the Base for the 12–month period from 1 July 1999 to 30 June 2000 (A/53/815). During its consideration of the reports, the Committee met with representatives of the Secretary-General, and the Chief Administrative Officer of the Base, who provided additional information.

2. The Committee recalls that the General Assembly, in its resolution 52/1 B of 26 June 1998, approved the Secretary-General's cost estimates of $7,141,800 for the Base for the period from 1 July 1998 to 30 June 1999, including the amount of $829,900 for the completion of two start-up kits. The General Assembly also decided to apply the unencumbered balance of $2,025,800 for the period from 1 July 1996 to 30 June 1997 to the resources required for the 1998/99 period, and to prorate the balance of $5,116,000 among the approved appropriations of the individual active peacekeeping operation budgets.

Financial performance report for the period from 1 July 1997 to 30 June 1998

3. In its previous report on the financing of the Base (A/52/897, para. 4), the Committee expressed the view that the format of the performance report, as well as that of the budget, should allow for a programmatic or management analysis of the tasks and functions of the Base, in addition to providing the necessary statistical information. The Committee notes that this recommendation was partially addressed in the current submission. The Secretariat indicated that further modifications would be effective in the context of the performance

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report for the period from 1 July 1998 to 30 June 1999 and the cost estimates for the period from 1 July 2000 to 30 June 2001.

4. The Committee recalls that the General Assembly, in its resolutions 51/218 E and 52/1 A, of 17 June and 15 October 1997 respectively, authorized the Secretary-General to enter into commitments totalling $13,110,350 for the maintenance of the Base for the period from 1 July 1997 to 30 June 1998, inclusive of $4,207,500 for the clearance of the backlog inventory. As explained in the performance report (A/53/776, paras. 4 and 10), at the time the cost was to be apportioned among the peacekeeping operations it became known that much of the planned refurbishment would not be undertaken, because 300 vehicles that had been intended for refurbishment at Brindisi were instead shipped directly from the closing to the receiving missions, and the Base was able to identify for write-off material that had earlier been considered for refurbishment, storage and/or redistribution.

5. A reduced amount of $10,835,051 was therefore apportioned among peacekeeping missions for the period from 1 July 1997 to 30 June 1998, inclusive of $3,354,646 for the clearance of the backlog inventory. The Committee notes that, of this consolidated appropriation, expenditures amounted to $9,461,500. The resulting unencumbered balance was $1,373,600, of which $817,400 related to the maintenance budget and $556,200 to the backlog clearance budget (see A/53/776). This was mostly due to civilian vacancies, as well as reduced requirements under maintenance and contractual services. The financial data for the consolidated budget is provided in annex I to the performance report.

6. The maintenance budget for the Base was apportioned at $7,480,405 instead of $8,902,850, for the reasons explained in paragraph 4 above (see A/53/776, paras. 20–21 and annexes II and III). Expenditures amounted to $6,663,000, resulting in the unencumbered balance of $817,400 mentioned in paragraph 5 above. In connection with the backlog clearance budget, the Committee notes that, of the apportionment of $3,354,646 (instead of the initial $4,205,500), expenditures amounted to $2,798,500, resulting in an uncumbered balance of $556,200 (ibid., paras. 22–24 and annexes IV and V).

7. Savings of $591,500 are reported under civilian personnel costs ($333,900 under the maintenance budget and $257,600 under the backlog clearance budget). This was the result of an average vacancy rate of 3 per cent among international staff and the decision of the General Assembly to convert seven posts from General Service to local level in the maintenance budget; and a 20 per cent vacancy rate in the number of person-months authorized, as well as incumbency of posts at lower grade levels than budgeted in the backlog clearance budget.

8. Savings of $174,400 are also reported under premises and accommodation, mostly due to underexpenditures of $159,900 in the maintenance budget as a result of fewer projects completed or smaller-scale renovation undertaken. In addition, savings of $351,200 were achieved under supplies and services ($166,200 in the maintenance budget and $185,000 in the backlog clearance budget). These were mostly due to lower requirements under contractual services, resulting from the write-off of large quantities of equipment and the use of general temporary assistance to accomplish the remaining tasks, which proved to be cost-effective, as indicated in paragraph 7 of annex III to the report, as well as lower requirements relating to re-warehousing, refurbishment of containers and generator maintenance support in the backlog clearance budget.

9. The implementation of the clearance of the backlog is described in paragraphs 13 to 18 of the Secretary-General's report. The Committee commends the Base for implementing the project within budget and within the anticipated time. The Committee welcomes the fact that a single database for the field asset control system has been in place since October 1998,

listing equipment related to the start-up kits, the Field Administration and Logistics Division reserve, and the assets of the Base. The Committee was also informed that procedures are now in place to ensure that tasks related to the receiving and inspection of assets are carried out within a 30–day period, thus averting the possibility of future backlogs.

10. The Committee requested a summarized inventory of what is currently available at Brindisi, including equipment within the Field Administration and Logistics Division reserve, start-up kits, and those assets in use at the Base itself. The Committee was provided with a figure for inventory value of approximately $67,256,377, excluding expendables or spare parts, estimated approximately at $20 million.

11. From the information provided to it, the Committee was able to confirm that much remains to be done with regard to inventory management. Although the information provided was said to be of a preliminary nature, and it was pointed out that the task of establishing an accurate inventory of assets would be completed at the end of May 1999, the Committee must stress, once again, the importance of establishing an accurate inventory of assets with proper classification, value and coding, including data on the length of standard depreciation and how long the asset can be expected to remain viable.

12. The Committee recalls that the General Assembly, in its resolution 52/1 A, requested the Secretary-General to consider the possibility of expanding the use of the Base to other agencies and programmes of the United Nations, as recommended by the Committee (A/52/407, para. 18). The Secretary-General's report refers to the possible use of the Base by the World Food Programme (WFP), and to visits to the Base by the World Health Organization and the Office for the Coordination of Humanitarian Affairs of the Secretariat (A/53/776, para. 11). The Committee was informed of ongoing discussions between WFP and the host Government to accommodate WFP depot requirements, and it notes that it is anticipated that it will be possible to accommodate the WFP depot requirement on the premises of the Base without detriment to the Base's own operations, and that the Base is working closely with WFP to determine its precise accommodation requirements and to work out cost-sharing arrangements. The Committee was encouraged by the steps taken to make wider use of the facility though it was understood that the potential use of the Base by other United Nations entities depends on the extent to which additional space can be made available at the Base.

13. The performance report (ibid., para. 9) indicates that arrangements have been made to ensure recovery of any excess costs incurred by the Base for logistics support in the form of supplies and equipment provided, on an as-required basis, to the specialized agencies or to funds and programmes such as the Office of the United Nations High Commissioner for Refugees and the United Nations Children's Fund. Moreover, the Committee notes that, as a result, miscellaneous income amounted to $137,000 for the period under review. The Committee sought additional information with regard to the services provided directly or indirectly by the Base to United Nations agencies, programmes and entities.

14. The Committee was informed that, for the period under review, the Base had transferred equipment in support of the International Tribunals for Rwanda and the Former Yugoslavia, the United Nations Development Programme, the Office for the Coordination of Humanitarian Affairs of the Secretariat and the United Nations Special Mission to Afghanistan, among others, valued at $390,960. Furthermore, for the period from 1 July 1998 to 21 February 1999, outgoing shipments were valued at $1,039,956, and incoming at $361,431. In addition, because of the capability of the communications facility at the Base, entities such as WFP, the Tribunals, the Office for the Coordination of Humanitarian Affairs of the Secretariat, the United Nations Office at Geneva and the United Nations Office

at Nairobi relay through the Base, which provides an extension to their already existent networks.

15. The Committee therefore recommends that information on miscellaneous income be included, in future, in annex I to the performance report containing the summary statement, and that estimates of miscellaneous income be included in future proposed budgets.

16. The Committee recommends acceptance of the Secretary-General's proposal to apply the unencumbered balance of $1,373,600 to the resources required for the period from 1 July 1999 to 30 June 2000.

Cost estimates for the 12-month period from 1 July 1999 to 30 June 2000

17. An amount of $7,783,800 is proposed for the maintenance of the Base for the period from 1 July 1999 to 30 June 2000. The amount proposed constitutes an increase of $642,000, or 9 per cent, in relation to the apportionment for the period from 1 July 1998 to 30 June 1999.

18. The Committee recommends that, in the context of the next budget submission, the Secretary-General clearly indicate the resource requirements necessary to accomplish the basic functions of the Base, such as those outlined in his report (A/53/815, paras. 6–7). To this end, and as indicated in paragraph 3 above, the format of the report should be further refined by improving the programmatic content, and by including information on the outputs to be produced by each section and the related resources required for that purpose.

19. As indicated in the report (ibid., para. 10), the current staffing component of the Base consists of 48 staff, including 20 international posts (10 Professional, 10 Field Service) and 28 locally recruited staff. In addition, the current budget provides for 55 posts funded under general temporary assistance. The Committee notes that, in the context of the budget for the period from 1 July 1999 to 30 June 2000, the Secretary-General is proposing to convert those 55 general temporary assistance staff to local staff, because of the continuing nature of their functions. This would increase the staffing component, for the period from 1 July 1999 to 1 June 2000, to a total of 103, as a result of the increase in local staff from 28 to 83.

20. The Committee notes that civilian personnel costs would increase from $3,967,200 in the current budget (1998–1999) to $4,547,400 in the proposed budget (1999–2000). This includes a provision of $1,154,200 for international staff salaries, reflecting a decrease of $100,200 compared to the budget for 1998–1999, as a result of changes in standard costs. The provision for local staff salaries would increase from $520,800 in the current budget to $1,807,500 in the proposed budget, as a result of the proposal to convert 55 posts under general temporary assistance to local posts. The provision for general temporary assistance would correspondingly decrease from $1,131,900 in the current budget to $327,300 in the proposed budget, and would provide for 144 person-months at the local level (or 12 staff recruited under general temporary assistance), to supply additional support during activity surges.

21. The Committee agrees with the conversion of the 55 general temporary assistance posts to local staff, in view of the continuing nature of the functions performed, and the inefficiency involved in constantly rehiring staff who, as reported to the Committee, have already been on board for more than two years. The Committee did not however find justification for the 12 additional general temporary assistance staff. The Committee is of the opinion that the conversion to local posts should provide enough capacity, at this stage, to handle additional surges of activity at the Base, until such time as the Base is able to assess additional staff requirements in the light of experience. Moreover, the Committee

recommends that, should any such surges in activity arise requiring temporary additional staff resources, consideration be given to charging the related costs to the mission concerned, reflecting the related costs in the relevant performance reports. The Committee notes that this procedure is already followed with regard to refurbishment of equipment from liquidating missions. The recommendation of the Committee would result in a reduction of $327,300 from the estimates.

22. In its previous report (A/52/897, para. 10), the Committee noted that the International Civil Service Commission was to review the rate of post adjustment for the Base. The Committee was informed, upon inquiry, that a survey was currently being conducted to determine whether to continue using Rome standard cost rates or Brindisi rates for salaries and common staff costs for international staff. Those for locally recruited staff are based on the salary scale established for the duty station.

23. The Committee notes that the budget has no provision for staff assessment. The Committee was informed that since the cost of the Base is currently absorbed within the appropriation of each peacekeeping mission, staff assessment is provided from within those appropriations. The salaries for the staff of the Base are calculated on a net basis so as not to duplicate the requirement for staff assessment. Any reimbursement of taxes is charged to the Tax Equalization Fund. The Committee recommends that, commencing with the budget for the biennium 2000–2001, the standard procedures for dealing with staff assessment be applied to the Base.

24. The Committee also sought additional information regarding the value of the office and warehouse space contribution provided by the host Government under the memorandum of understanding. The Committee was informed that a detailed breakdown was not available, but was told that the Base currently occupies 19,747 m^2 of covered warehousing, 3,728 m^2 of office space, 1,948 m^2 of workshop space and 172,925 m^2 of open field and hard standing areas, excluding the secondary storage facility at San Pancrazio.

25. As indicated in the report of the Secretary-General (A/53/815, annex I.A and C), the estimate provides for operational costs totalling $3,196,400, reflecting an increase of $71,800 over the current budget. This includes an increase of $358,800 under premises and accommodation, in view of various repairs and renovations required to keep the premises in good condition. The Committee was informed that, under the terms of the memorandum of understanding signed with the host Government, the United Nations is responsible for the maintenance of the walls and floors of the buildings used, while structural repairs remain the responsibility of the host Government. Another major increase, of $312,800 under other equipment, arises from the need to replace obsolete or damaged equipment, ensuring the safety of operations. These increases are offset by decreases under transport operations ($460,900) and supplies and services ($214,100), due to the fact that the current budget contains provisions for the start-up kits. There are also lower requirements for contractual services, in view of the reduced inventory of equipment requiring repair services.

26. In connection with the maintenance of the two mission start-up kits in a state of readiness for immediate deployment, the Committee notes that the kits currently provide the basic support requirements for up to 100 persons for a period of up to three months. The Committee was informed, however, that their enhancement is under consideration at this time, although no change is proposed in the proposed budget estimates.

27. The Committee stresses the importance of strictly adhering to the criteria for retention, write-off and transfer of equipment approved by the General Assembly in its resolution 52/1 A, namely:

(a) That equipment be serviceable and have at least two years' useful life remaining;

(b) That equipment can be made serviceable at a cost no greater than 30 per cent of its depreciated value and , after repair, will have at least two years' useful life remaining;

(c) Procurement lead times for the equipment involved normally exceed the usual six-month mission mandate period.

28. The action to be taken by the General Assembly at its fifty-third session is outlined in paragraph 19 of the Secretary-General's report. The Secretary-General recommends approval of the cost estimates of $7,783,800 for the 12–month period from 1 July 1999 to 30 June 2000. The Secretary-General also recommends that the unencumbered balance of $1,373,600 for the period from 1 July 1997 to 30 June 1998 be applied to the resources required for the period from 1 July 1999 to 30 June 2000, and that the resulting balance of $6,410,200 be pro-rated among the individual active peacekeeping operation budgets to meet those requirements.

29. The Committee recommends approval of the Secretary-General's proposals contained in paragraph 19 of his report, after adjustment for the reduction of $327,300 recommended by the Committee in paragraph 21 above in relation to general temporary assistance.

Cost-benefit analysis

30. The Committee, in its previous report (A/52/897, para. 2), indicated that it would address the cost-benefit analysis contained in the report of the Secretary-General containing the budget for the Base for the period from 1 July 1998 to 30 June 1999 (A/52/858, annex VII) and submit its observations in this regard. The Committee had the advantage of visiting the Base in May 1998, as reported in its report on its activities during the fifty-second session of the General Assembly (A/53/7). Although the Committee could consider optimistic the assumption that the physical liquidation of missions can be achieved in an average of two months (para. 11 of the analysis), the Committee fully concurs with the conclusion of the Secretary-General (paras. 24–25 of the analysis).

31. The Committee requested additional information regarding the savings obtained from the Base for all peacekeeping missions. The Committee was informed that the value of equipment transferred from the Base in direct support of peacekeeping missions, for the period from 1 July 1997 to 27 February 1999, was $29,365,947. New procurement costs of similar equipment could exceed this value by 10 to 20 per cent, depending on availability, and considering an increasing consumer price index.

32. The Committee was further informed during its hearings, on the basis of data collected for the 18–month period from 1 July 1997 to 31 December 1998, that annual operating costs are estimated at approximately $10,254,000, and the book value of material shipped out by the Base (saving the Organization the cost of new procurement) was estimated at $23,576,000. It can thus be concluded that, for every dollar spent running the Base, the United Nations has saved $2.30 in new procurement costs.

33. Moreover, the Committee is convinced that the Base is currently performing good work for the United Nations by maintaining two mission start-up kits in a state of readiness for deployment at short notice, offering services directly related to assets management, and providing communications support through the global satellite network to peacekeeping operations and missions worldwide, and to several specialized agencies.

34. Nevertheless, it is evident that the long-term future of the Base will depend not only on the future level of peacekeeping operations (new, ongoing and liquidating missions), but also on the extent to which the Base can be used to manage other assets of the United

Nations, the specialized agencies, funds and programmes, as well as the extent to which its potential for training and communications services is increased.

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Financing of the United Nations Observer Mission in Liberia

Financing of the United Nations Observer Mission in Liberia

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Observer Mission in Liberia (UNOMIL) for the period from 1 July 1996 to 30 June 1997 (A/52/401/Add.1) and from 1 July 1997 to 30 June 1998 (A/53/802). The Advisory Committee also had before it the report of the Secretary-General on the final disposition of the assets of UNOMIL (A/52/401/Add.2). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

Financial performance report for the period from 1 July 1996 to 30 June 1997

2. As indicated in paragraphs 4–7 of and annex I to document A/52/401/Add.1, total expenditure for the period from 1 July 1996 to 30 June 1997 amounted to $26,084,900 gross ($25,281,400 net), compared with the adjusted amount of the appropriation of $28,641,200 gross ($27,497,900 net) for the same period. The resulting encumbered balance amounts to $2,556,300 gross ($2,216,500 net).

3. The unencumbered balance of $2,556,300 gross ($2,216,500 net) was attributable to the delayed deployment of civilian personnel, fewer rotation of military observers and a substantial portion of the Mission's equipment requirements being obtained through transfers from the United Nations Logistics Base at Brindisi. This was offset in part by the recording of prior period expenditure amounting to $415,445 in the current reporting period.

4. The Advisory Committee was informed that total unliquidated obligations for the period 1 July 1996 to 30 June 1997 amounted to $1.8 million as at 31 December 1998.

5. Paragraph 8 of the report of the Secretary-General (A/52/401/Add.1) contains a proposal to credit Member States the unencumbered balance of $2,556,300 gross ($2,216,500 net) for the period from 1 July 1996 to 30 June 1997. The Advisory Committee

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recommends that the unencumbered balance be credited to Member States in a manner to be determined by the General Assembly.

Financial performance report for the period from 1 July 1997 to 30 June 1998

6. As indicated in paragraph 15 and table 2 of the report of the Secretary-General (A/53/802), total expenditure for the period from 1 July 1997 to 30 June 1998 amounted to $10,027,600 gross ($9,514,600 net), compared with an appropriation of $12,226,700 gross ($11,667,900 net) for the same period. The resulting unencumbered balance amounts to $2,199,100 gross ($2,153,300 net).

7. The unencumbered balance of $2,199,100 gross ($2,153,300 net) resulted primarily from accelerated repatriation of military personnel and reduced requirements for air operations, as well as the fact that staffing and non-staff resources earmarked for the support of the run-off presidential elections were not utilized. The savings were realized under the following objects of expenditure: Military personnel ($6,400); civilian personnel ($1,611,500), consisting of international and local staff ($245,100), United Nations Volunteers ($477,300) and civilian electoral observers ($889,100); and operational costs ($535,400) including air operations ($337,000).

8. The Advisory Committee was informed that total unliquidated obligations for the period from 1 July 1997 to 30 June 1998 amounted to $1.3 million as at 31 December 1998. While the total amount assessed on Member States was $115.1 million, total payments as at 31 December 1998 amounted to $109.1 million, leaving an outstanding amount of $6.0 million.

9. With regard to death and disability, the Advisory Committee was informed that a total amount of $412,500 has been retained in the Mission's accounts in unliquidated obligations for death and disability.

10. The Advisory Committee understands that a final performance report for UNOMIL, covering the period from its inception on 22 September 1993 to 30 June 1998, will be submitted to the General Assembly at its fifty-fourth session.

11. The actions to be taken by the General Assembly in connection with the financing of UNOMIL are indicated in paragraph 18 of the report of the Secretary-General (A/53/802). In this regard, the Advisory Committee was informed that the amount of $3,841,125 gross ($3,705,325 net) to be assessed for the period from 1 July 1997 to 30 June 1998[1] would be offset by credits to Member States in respect of the 1996–1997 and 1997–1998 financial periods totalling $4,755,400 gross ($4,369,800 net).[2] As a result, Member States would receive net credits in the amount of $914,275 gross ($664,475 net), with no additional assessment levied on them and with the full assessed amount recorded in the Observer Mission's accounts. The Advisory Committee recommends approval of the actions proposed by the Secretary-General in paragraph 18 of his report.

Final disposition of assets

12. Paragraph 4 of document A/52/401/Add.2 outlines the proposals of the Secretary-General contained in his report (A/48/945 and Corr.1) and the recommendations of the Advisory Committee contained in its report (A/49/664/Add.1) to guide the disposition of assets of peacekeeping operations which were endorsed by the General Assembly in section VII of its resolution 49/233 A of 23 December 1994.

13. As indicated in paragraph 5 of document A/52/401/Add.2, the total inventory value of all UNOMIL assets based on inventory records as at 15 February 1998 amounted to

$14,581,800, categorized under vehicular equipment ($6,278,000), prefabricated buildings ($41,600), communication equipment ($3,928,200), generators ($991,900), electronic data-processing equipment ($1,321,400), furniture and fixture ($318,000) photocopiers ($175,100), facsimiles ($58,300), water-purification equipment ($126,400), containers ($270,400) and miscellaneous equipment ($1,072,500).

14. The disposition of UNOMIL assets is summarized in annex I and detailed in annexes II to IV of the Secretary-General's report (A/52/401/Add.2). The Advisory Committee finds that UNOMIL assets have been disposed of in accordance with the principles and policies mentioned in paragraph 12 above (with regard to assets transferred to the United Nations Logistics Base at Brindisi and other missions, see annex below). In connection with delegation of authority to peacekeeping missions in property survey matters, the Advisory Committee was informed that with a view to expediting administrative work involved in the disposition of its assets, the Observer Mission was granted an increased threshold range of $5,000 to $25,000 in the second half of 1997.

15. The Advisory Committee recommends that the General Assembly take note of the report on the final disposition of assets of UNOMIL.

Notes

[1] In addition to the amount of $5,111,775 gross ($4,729,575 net) previously apportioned in General Assembly resolution 51/3 C of 13 June 1997 for the same period.

[2] Unencumbered balances from appropriations and assessments pertaining to the 1996–1997 ($4,601,200 gross ($4,238,000 net)) and 1997–1998 ($154,200 gross ($131,800 net)) financial periods (see paragraph 18 (b), and (c) (i) and (ii) of A/53/802).

Annex

United Nations Observer Mission in Liberia (UNOMIL): assets transferred to the United Nations Logistics Base at Brindisi (UNLB) and other missions

(United States dollars)

	Disposition of assets report (A/52/401/Add.2)		*Based on receipt and inspection reports submitted from receiving missions as at 11 March 1999*
	Number of items	*Value*	*Value*
MINURSO	468	834 300.00	929 572.73
MONUA	209	1 236 400.00	1 104 100.00
Office of the Special Envoy of the Secretary-General for Sierra Leone (temporarily relocated to Guinea)	15	41 200.00	[a]
UNDOF	15	33 800.00	25 540.00
UNFICYP	10	18 700.00	18 700.00
UNLB	1 546	3 368 400.00	3 029 785.91
UNOL	342	723 500.00	726 400.00
UNMIBH	8	1 400.00	[a]
UNMOT	52	59 700.00	[a]
UNOHCI	1	100.00	100.00
UNSMA	1	200.00	200.00
UNTAES	2	200.00	[a]
UNTSO	5	1 700.00	[a]
UNOB	1	200.00	200.00
UNIFIL	1	700.00	[a]
Office of the Special Envoy of the Secretary-General in Freetown, Sierra Leone	35	101 700.00	[a]
UNMOGIP	9	19 500.00	19 500.00
UNAMIR	3	11 600.00	[a]
UNOMIG	29	60 500.00	[a]
UNDP	21	8 800.00	[a]
UNHQ	54	81 000.00	75 900.00
Total	**2 827**	**6 603 600.00**	**5 929 998.64**

[a] Receipt and inspection reports outstanding.

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Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group

Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the Civilian Police Support Group for the period from 1 July 1997 to 30 June 1998 (A/53/742), and the final disposition of the assets of these operations (A/53/838). During its considerations of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. In its resolution 1037 (1996) of 15 January 1996, the Security Council established UNTAES, and in its resolution 1120 (1997) of 14 July 1997, the Security Council terminated the mandate of the Mission, effective 15 January 1998. Subsequently, in its resolution 1145 (1997) of 19 December 1997, the Security Council established the Civilian Police Support Group for a single nine-month period with effect from 16 January 1998, and decided that the Support Group would assume responsibility for those UNTAES personnel and United Nations-owned assets needed for its use in the fulfilment of its mandate.

Financial performance report for the period from 1 July 1997 to 30 June 1998

3. In its resolution 52/244 of 26 June 1998, the General Assembly approved the revised appropriation for the operations of UNTAES in the amount of $134,824,800 gross ($129,235,900 net), inclusive of $10,276,000 for the support account for peacekeeping operations for the period from 1 July 1997 to 30 June 1998. Expenditures amounted to $119,577,500 gross ($114,787,700 net), inclusive of $27,681,900 in unliquidated obligations, resulting in an unencumbered balance of $15,247,300 gross ($14,448,200 net),

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or 11 per cent of the amount appropriated (A/53/742, para. 15 and annex I). In addition, the Committee notes (see A/53/742, table 1) that there was an expenditure of $489,600 from voluntary contributions in kind (non-budgeted). The Committee was informed that this was for personnel assigned to the Transitional Administration. The Committee welcomes the inclusion in document A/53/742, table 1, of both budgeted and non-budgeted voluntary contributions; these should in future also be reflected in annex I.

4. As indicated in paragraphs 6 and 7 of the report (A/53/742), in a letter from its Chairman dated 31 July 1998, the Committee concurred with the request to meet the estimated additional requirements of $553,400 gross ($493,700 net) from the resources provided for the period 1 July 1997 to 30 June 1998, for 42 person-months (24 international and 18 local) in the mission area from 1 July to 30 November 1998, as well as 12 international person-months at Headquarters from 1 December 1998 to 28 February 1999 to complete needed tasks in connection with the liquidation of the Mission.

5. The Committee further notes from paragraph 8 of the report that there is a need to accommodate within the resources provided for the period from 1 July 1997 to 30 June 1998 the unbudgeted amount of $47,800 for the final audit of UNTAES by the Board of Auditors.

6. The Committee recalls that in paragraph 19 of its report (A/52/859), it had pointed out that "considering such a significant reduction in military personnel, the civilian structure of the mission of the average of 234 staff for the five and one half month period beginning 16 January 1998 appears to be too heavy."Furthermore, the Committee recalls that during its examination of the revised cost estimates for the period from 1 July 1997 to 30 June 1998, no accurate information concerning up-to-date expenditure was available, and that expenditure available to 31 December 1997 amounted to only $85.1 million. The Committee had also pointed out in the same report (A/52/859) that UNTAES had a history of over-budgeting. As indicated in paragraph 11 of the current report (A/53/742), the successful execution of the political mandates and the stable and safe environment created by the Transitional Administration facilitated the management and use of the Mission's resources. The Committee commends the Mission for management actions taken to effect savings. The Committee points out that this represents a considerable improvement.

7. Savings under military personnel costs, amounting to $1,933,700 or 4.6 per cent of the apportionment, resulted mainly from the accelerated repatriation of military personnel in January and February 1998, lower travel costs from the extensive use of the Mission's own resources to transport contingents to their home countries or port of departure, and lower prices of rations (A/53/742, para. 11, and annex II, para. 1).

8. Under civilian personnel costs, the unutilized balance of $5,486,200 or 10.3 per cent resulted from reduced requirements under civilian police, international and local staff, and United Nations Volunteers. Lower requirements in civilian police resulted in savings of $729,500 due to the accelerated repatriation of civilian police and lower travel costs. Expenditure for international staff salaries were lower than estimated as a result of some posts being filled by staff at lower grade levels than budgeted, high international staff vacancy rates (6 per cent for UNTAES and 10 per cent for the Support Group), lower common staff costs, and savings in mission subsistence as a result of lower deployment of international staff (A/53/742, annex II, paras. 2–6).

9. Under operational costs, the unutilized balance of $8,824,600, or 37.2 per cent of the apportionment, resulted from reduced requirements under premises/accommodations ($1,886,700), transport operations ($2,816,700), air operations ($702,000), communications ($783,900), other equipment ($283,800), supplies and services ($234,100), transport of

contingent-owned equipment ($1,610,100) and commercial freight ($507,300) (A/53/742, annex I and annex II, para. 7).

10. The Committee welcomes the steps taken to realize economies in air and surface freight mentioned in paragraph 16 of annex II to the report. Upon inquiry, the Committee notes with satisfaction that the written-off equipment carried from the United Nations Logistics Base at Brindisi to the mission area had originally come from the United Nations Operation at Somalia, and was sold at the international auction of UNTAES assets. The Committee notes, in paragraph 14 of the report, that at the international auction of UNTAES assets conducted by the Mission a net income in the amount of $1.6 million was realized, as compared with a residual value estimated at $7.2 million.

11. With respect to the status of reimbursement to Member States providing troops to UNTAES, the Committee was informed that up to 31 May 1998, the amount reimbursed was $101,148,977 and the amount owed $20,352.

12. As regards reimbursement for contingent-owned equipment, the Committee was informed that as at 31 December 1998, the amount reimbursed was $32,068,595, the estimated amount owed totalled $45,673,402 and unliquidated obligations for contingent-owned equipment amounted to $45,961,722. For death and disability compensation, 13 claims paid amounted to $182,150 and unliquidated obligations for 18 pending claims amounted to $3,176,943.

13. As at 31 December 1998, the cash position of UNTAES amounted to $83.2 million. Assessments amounted to $503.5 million, payments received totalled $463.5 million and amounts outstanding were $40 million. Total unliquidated obligations for the period from 1 July 1997 to 30 June 1998 were $22.5 million as at 31 December 1998.

14. The Committee recommends that the General Assembly approve the actions proposed by the Secretary-General in paragraph 17 of his report (A/53/742).

Final disposition of assets of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group

15. As indicated in paragraph 3 of the report (A/53/838), the process of liquidating UNTAES/Support Group assets was guided by the principles and policies approved by the General Assembly in section VII of its resolution 49/233 A of 23 December 1994.

16. Paragraphs 5 and 6 and annex I to the report summarize the final disposition of assets. As at 30 November 1998, the inventory value of some 17,454 items of the Missions amounted to $76,577,300 million, clustered into 11 categories of equipment, as presented in the standard peacekeeping operation budgets. Some 11,025 items with an inventory value of $51,479,300 (67 per cent of the total value), shown as group I, were transferred to other United Nations missions and the United Nations Logistics Base at Brindisi. Some 4,728 items with an inventory value of $21,244,200 (28 per cent of the total asset value), shown as group II, were sold in the mission area, with a sale value of $3,142,200 (see A/53/838, table); no assets installed in the mission area were donated to the host Government. Some 1,701 items with an inventory value of $3,853,800 (5 per cent of the total assets value), shown as group III, included assets written off amounting to $3,104,900 (4 per cent of the total asset value) and assets lost during the course of the mission with an inventory value of $748,900 (1 per cent of the total asset value).

17. The Committee commends the Secretariat for the quality of the report and the progress made in the management of disposal of assets. The efficiency of the operation is reflected

in the number of items transferred to other missions and the United Nations Logistics Base at Brindisi mentioned in paragraph 16 above. The Committee trusts that lessons learned in this exercise will be used in other missions. The Committee also notes the benefit, as indicated in paragraph 19 of its report (A/52/859), of leaving a sufficient number of qualified staff in the mission area to perform liquidation tasks.

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Financing of the Military Observer Group of the United Nations Verification Mission in Guatemala

Financing of the Military Observer Group of the United Nations Verification Mission in Guatemala

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) for the period from 15 February to 31 May 1997 (A/53/775). The Committee has also considered the final disposition of the assets of the Military Observer Group. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. As indicated in paragraph 6 of the report, total resources made available to the Military Observer Group for the period from 15 February to 31 May 1997 amounted to $4 million gross ($3,956,300 net). The related expenditures, as indicated in paragraph 6 of and annex I to the report, amount to $3,946,000 gross and net. Prior period obligations amounting to $130,200 were subsequently liquidated, as indicated in annex IX to the report, reducing expenditures to $3,815,800. The resulting unencumbered balance therefore amounts to $184,200 gross ($140,500 net). This balance resulted primarily from civilian staff vacancies and lower requirements for utilities and commercial communications. These under-expenditures were partially offset by additional requirements for mission subsistence allowance for military observers and miscellaneous supplies and services.

3. Paragraph 7 of the report indicates that, as of 30 April 1997, a total of $3,969,802 had been assessed on Member States for the reporting period and that contributions received as at 31 October 1998 amounted to $3,651,046. The resulting shortfall is $318,756. Unliquidated obligations as at 31 December 1998 amounted to $12,336. These were related to the travel of military observers.

4. Under-expenditures of $62,000 are reported under civilian personnel costs (see A/53/775, annex II.B). The original cost estimates provided for a staffing complement of 10 international and 20 local staff. The Committee notes, however, that only three international staff were deployed during the demobilization process owing to "difficulties in identifying candidates with the required language and experience and within the specified time-frame" and that administrative backstopping had to be provided by existing MINUGUA staff. The Committee believes that this issue should be looked into in order to prevent this from recurring in future missions or operations.

5. Additional requirements of $170,000 were reported under mission subsistence allowance for the military

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observers. According to the explanation provided in paragraph 2 of annex II.B, a large proportion of the 142 military observers, who were supposed to be provided with accommodation in the team sites, had to spend more time than planned away from the sites for patrols and in Guatemala City for administrative tasks. In view of travel restrictions after 6 p.m., they could not always return to the team sites.

6. The Committee notes that additional requirements of $246,100 resulted under hire/charter costs of helicopters (see A/53/775, annex II.B, para. 18). The Committee recalls that the cost estimates contained in the report of the Secretary-General dated 3 March 1997 (A/51/815) provided for the hiring of three helicopters for use by the Military Observer Group. However, the performance report (A/53/775) indicates that the initial contract was cancelled because the company could not provide the services stipulated in the contract. Moreover, MINUGUA helicopters had to be used for the demobilization tasks during February and March of 1997. Additional hours were therefore charged to the Military Observer Group by MINUGUA, and the latter's air contract was amended to provide an additional helicopter effective 1 April 1997.

7. In this connection, the Committee stresses that any contract entered into by the Organization must include penalty clauses to protect the mission in case of breach of contract, thus avoiding any possibility of incurring additional unnecessary expenditures, such as those mentioned in paragraph 6 above.

8. The report of the Secretary-General also contains information on the final disposition of the assets of the Military Observer Group, which is guided by the policies and principles for the liquidation of assets proposed by the Secretary-General (see A/48/945 and Corr.1, para. 110), recommended by the Committee (A/49/664, para. 116) and approved by the General Assembly in its resolution 49/233 A of 23 December 1994. The Committee notes that the assets of the Military Observer Group, based on inventory value, were estimated at $1.2 million as at 31 May 1997. As indicated in paragraph 16 of the financial performance report, they have been placed into three groups detailed therein. The Committee notes that group 1 includes assets with an inventory value of $965,300 (80 per cent of total asset value), which have been transferred to either MINUGUA or the United Nations Logistics Base at Brindisi (see A/53/775, annex VI).

9. In this connection, the Committee was assured that the transfer was carried out in accordance with the policy for the transfer of used assets proposed by the Secretary-General in his report of 31 July 1997 (A/51/957) on the field assets control system and endorsed by the General Assembly in its resolution 52/1 A of 15 October 1997, ensuring appropriate evaluation in order to avoid the transfer of unserviceable property at additional cost to the Organization. With regard to the accounting procedures, the Committee recalls that any equipment procured by the United Nations with assessed contributions is made available (once no longer required for its original purpose) for use by any other United Nations activity funded from assessed contributions without entering into additional financial transactions, as long as that activity can demonstrate an operational need for that equipment (see A/50/985, para. 35).

10. The second group consisted of assets with an inventory value of $158,000 (13 per cent of total asset value), including those assets sold within the mission area, as reported in annex VII to the performance report. The third group included assets written off, with a total inventory value of $73,000 (6 per cent), and assets lost during the course of the mission ($700, or less than 1 per cent), as reported in annex VIII to the report.

11. The Committee sought additional information with regard to assets lost during the course of the mission. In particular, the Committee noted that, out of 21 laptop computers provided in the inventory of the Military Observer Group, 9 were not accounted for. In this regard, the Committee was further informed, upon inquiry, that the corresponding investigation had revealed that the laptops in question had been stored, after having been received in faulty condition from the United Nations Support Mission in Haiti, awaiting write-off procedures by the Local Property Survey Board. Moreover, during construction of a shelving unit in the electronic data-processing section of the warehouse, they disappeared. The Local Property Survey Board, after consideration of the case and in view of the circumstances involved, recommended that the United Nations absorb the loss of the nine laptops. In view of the amounts being spent in replacing data-processing equipment, the Committee reiterates the importance of ensuring that safety and accountability procedures are in place to deter such losses and penalize those responsible.

12. Paragraph 17 of the report outlines the actions that need to be taken by the General Assembly at its fifty-third session in connection with the financing of the Military Observer Group of MINUGUA. The Committee recommends that Member States be credited their share of the unencumbered balance of $184,200 gross ($140,500 net) for the period from 15 February to 31 May 1997 reflected in the report.

13. With regard to the treatment of interest ($38,653) and miscellaneous income ($68,983), totalling $107,636, and unless otherwise decided, the General Assembly may wish either to credit this amount, along with any surplus from the eventual liquidation of the remaining obligations in the Special Account for the Military Observer Group, to the Peace-keeping Reserve Fund, as was the case with the United Nations Observer Mission in El Salvador (see General Assembly resolution 50/246 of 17 September 1996), or to credit Member States their respective share, as was done in the case of the United Nations Operation in Mozambique (see General Assembly resolution 52/240 of 26 June 1998). The Committee also recommends approval of the special arrangements as regards article IV of the financial regulations, and that the General Assembly take note of the report on the disposition of the assets of the Military Observer Group.